

PerkinElmer, Inc. (NYSE: PKI)

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INVESTA
I N S I G H T S

Company Overview

Industry Outlook

Investment Thesis

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Valuation

Recommendation

Company Overview

A Comprehensive Overview Of PerkinElmer

Business Description

- PerkinElmer, Inc. (NYSE: PKI) is a global healthcare corporation focused on providing services, solutions and products to the life sciences, applied services and diagnostics markets globally
- The American company addresses the mission-critical needs of biotechnology and pharmaceutical companies, laboratories, public health authorities, doctors and academic and research institutions
- Since its inception in 1937, PerkinElmer has operated in two main segments (1) Diagnostics and (2) Discovery and Analytical Solutions
- PerkinElmer has screened 650 million infants, addressed the laboratory needs of 2 million scientists and has contributed to the development of 22 novel therapeutic drugs

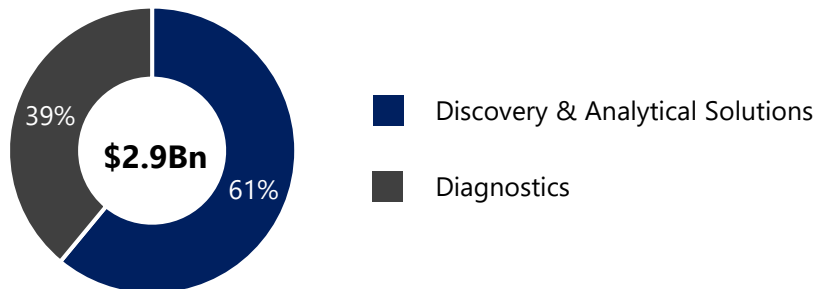
2019 Revenue Segmentation

Discovery & Analytical Solutions

- Laboratories, pharmaceutical and research markets use PerkinElmer's suite of solutions ranging from informatics, reagents, imaging technology and software to conduct R&D

Diagnostics

- Prenatal testing includes non-invasive prenatal testing and genetic testing

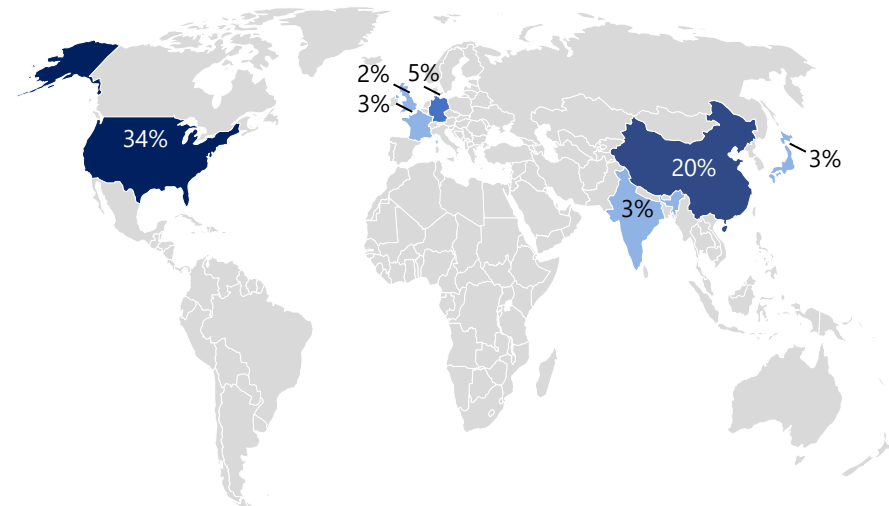


Management Team



Name	Prahlad Singh	Joel Goldberg	Jamey Mock	Andrew Okun
Position	President & CEO	Senior Vice President	CFO	CAO
Experience	25 Years	19 Years	20 Years	19 Years
Background	Executive at Philips Health	VP at Millennium Pharmaceuticals	VP at General Electric (GE)	Controller at Honeywell Intl

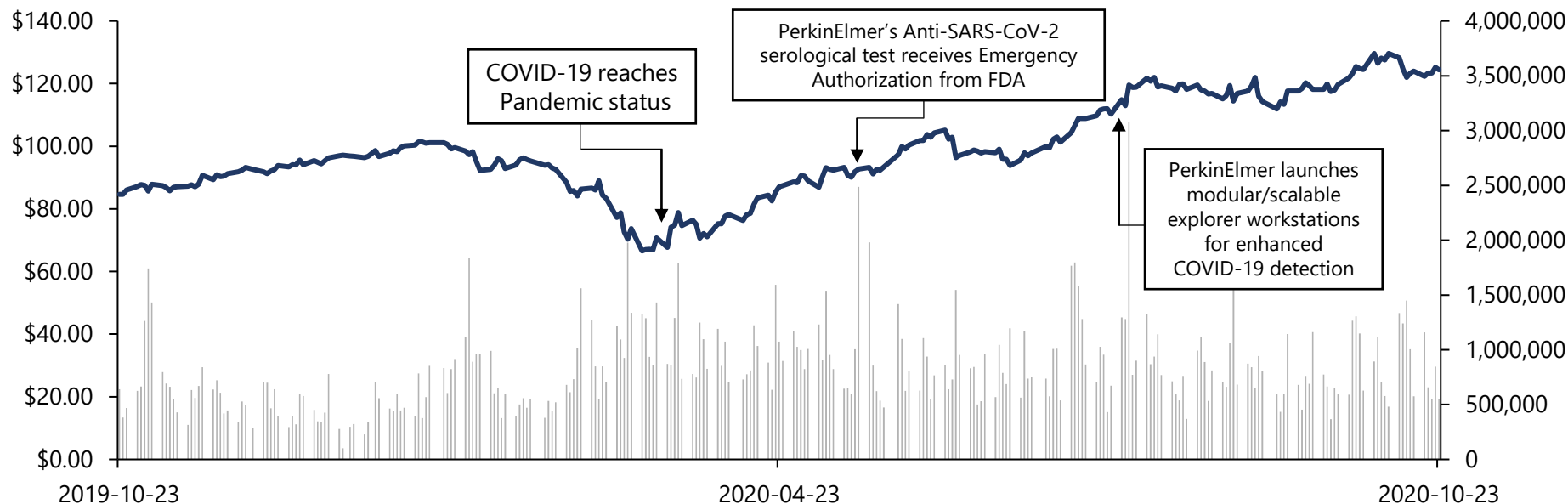
2019 Geographic Segmentation



Company Overview

PerkinElmer's Fundamentals

Market Performance



Flagship Products

Vanadis NIPT System

- The NIPT system is a non-invasive prenatal testing system which includes cell free DNA extraction unit, DNA analysis unit, molecule counting unit and risk calculation software.
- Other similar products provided include measurement assays and DELFIA kits.

OneSource Laboratory Services

- OneSource Laboratory services is an enterprise level software used by laboratories and researchers. The software allows for lab analytics, workflow solutions and uptime optimization. These include relocation and compliance services.
- Other software includes Newborn screening software, maternal fetal health software and image analysis software.

Key Financial Metrics

LTM Gross Margin	50.8%
LTM EBITDA Margin	23.1%
LTM Revenue Growth	6.23%
LTM EBITDA Growth	19.65%
LTM Earnings Growth	16.46%
Price	\$124.45
Market Cap	\$12.80Bn
Beta (5Y Monthly)	1.42
P/E Ratio	45.45x
EV/EBITDA	20.40x

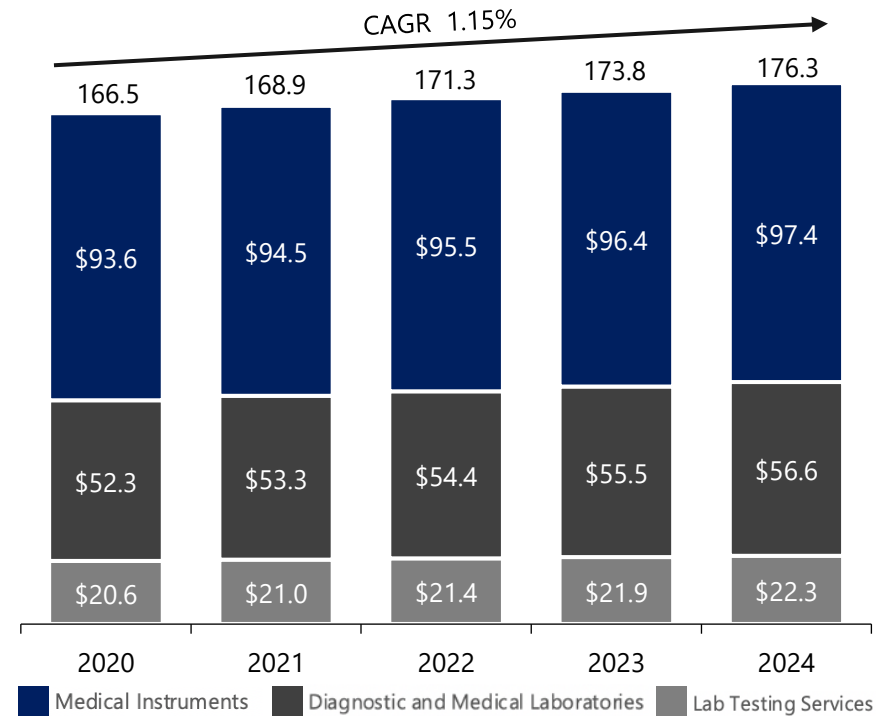
Industry Trends and Drivers

- In the short term, the COVID-19 pandemic has increased demand for medical instruments and supplies, mainly in the form of consumables and recurring protective equipment. This has led to a forecasted 2.9% increase in revenue in 2020
- Demand for medical supplies is spurred by healthcare reform and expanding healthcare coverage in the form of a 2.9% increase in government funding for Medicaid and Medicare, which are prominent healthcare insurers. This has increased healthcare expenditure by 2.7%
- Increased government incentives for R&D and regulation of consumer and food products along with the increased legalization of marijuana has spurred demand for lab testing services

Industry Dynamics and Competition

- The life sciences tools industry enjoys low capital intensity, as for every dollar spent on labor, merely \$0.07 is spent on capital expenditures
- The operating leverage is further amplified by steady gross margins enjoyed by firms at 50%
- Firms enjoy high barriers to entry and services offered are non-cyclical and recurring as most services are either SAAS, recurring consumables such as assays or become integral to consistency of research
- The industry struggles with large R&D costs and constant technological disruption
- Fragmented industry with median comparable revenue of \$3.14bn compared to PerkinElmer's \$2.98bn

Revenue Growth 2020-2024 (\$ in billions)



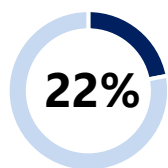
Although PerkinElmer is primarily a constituent of the life sciences tools and services industry, its product diversification has exposed it to the following sub-industries: Clinical Trial Data Management Services, Medical Instrument & Supply Manufacturing, Laboratory Testing Services, Water & Air Quality Testing Services, Diagnostic & Medical Laboratories. The maturity of the healthcare sector allows for a steady 1.15% CAGR.

Thesis I: Digitally Apt and Diversified Product Portfolio

Leveraging Technology And Product Dominance

Investments into AI

- PerkinElmer recently announced the introduction of smart image analysis in high content screening and immunodiagnostic services
- Smart image analysis further aids the determination of the quality of grain in the applied food services department and optimizes laboratory productivity



of health businesses are in the late stages of AI implementation

\$150bn

of annual savings by 2026

Product Dominance

- PerkinElmer prides itself with the robust and comprehensive suite of scientific informatics and software solutions that it provides for its customers to aid them in converting data to insights whilst guaranteeing scalability
- Some industry leading software include the ChemDraw software, cloud-based Electronic Lab Notebooks, Enterprise E-Notebook solutions and TIBCO Spotfire platform for scientific data analytics



Recent Additions and Developments



Cisbio Kits

These kits are used for total protein and biomarker detection in phosphorylate, an innovation which ensures a surge in drug discovery screening.



GSP/DELFI Platform

The augmented platform allows for the testing of 5,000 samples per day. The product has been commercially made available as a CE-IVD test which can also be applied for FDA Emergency Use Authorization.



DELFI Xpress sFlt-1

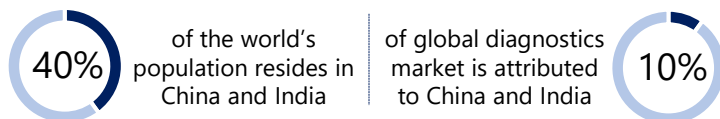
The kit, added in Q2 2019, supports the on-going range of product offerings addressing pre-eclampsia. The addition aids in short-term identification of the disease and allows for diagnosis in the latter stages of pregnancy.

Thesis II: Organic and Inorganic Market Expansion

Market Expansion And Stronger Footholds

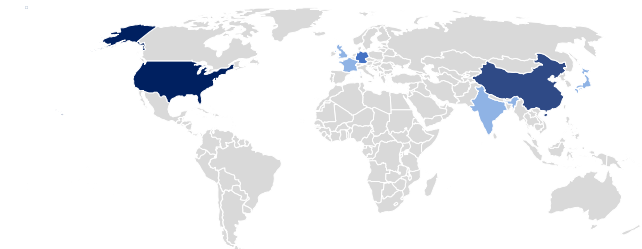
Exposure to Emerging Markets

- PerkinElmer's presence and operations in China and India have doubled over the past few years
- Although the two emerging markets reside majority of the world's population, they represent a small portion of the global market for diagnostic testing. This implies an undersaturated and underpenetrated market with great potential where PerkinElmer is establishing its first-mover advantage



International Recognition

- PerkinElmer's global exposure and recognition diversifies geographic risk, which is especially valuable in the case of a global recession and pandemic. This has specifically aided its outperformance in its most recent earnings estimates. Where Asia Pacific markets remained flat on a year over year basis, Chinese and American markets experienced sequential and low double-digit organic revenue growth. Low and average growth in most markets were mitigated by strong double-digit growth in Europe.



Acquisitions and Strategic Ventures

Acquisition (Date)	Target Description	Transaction Value (\$MM)	Impact
(Q4 2018)	Life sciences instruments	NA	The acquisition of Dani contributes to accelerating workflow solutions in food, pharma, and environment segments. Furthermore, the expansion would aid PerkinElmer grow its foothold in Italy.
(Q2 2019)	Custom assay service provider	\$219.80	Synergizes with diagnostics service line, which has resulted in double digit growth in Q2 2020. The transaction would allow PerkinElmer to expand their provision of assays.
(Q3 2019)	Food safety testing	\$166.51	Double-digit return due to ability to access pathogen and drug residue testing markets and gain share in China with more than \$80m worth of food testing businesses.

Thesis III: Improving Business Fundamentals

Strong Fundamentals And Financial Statements

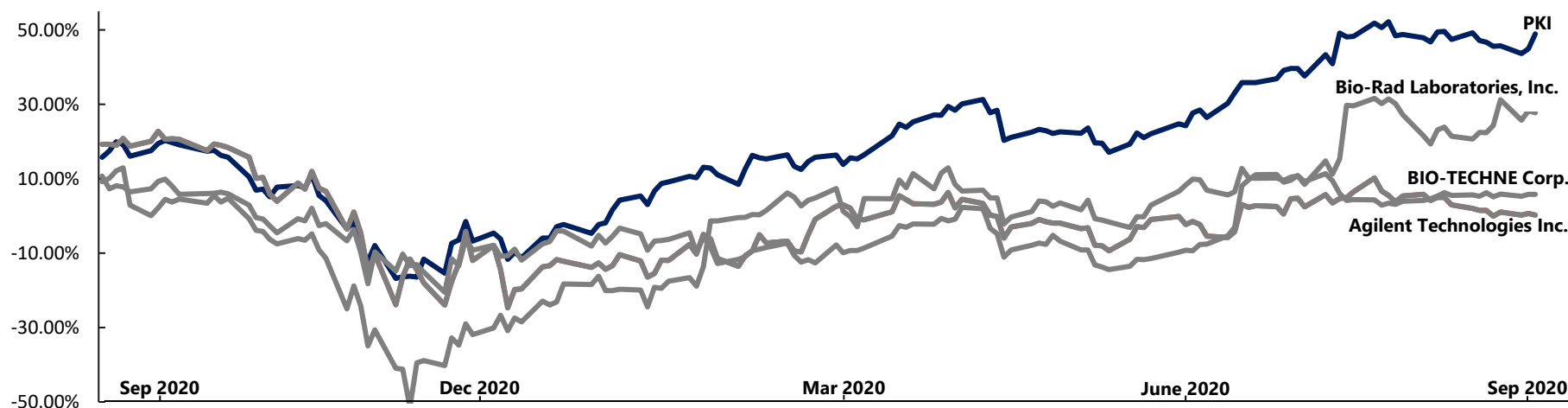
Improving Margins

- Despite an already robust operating margin, PerkinElmer continues to use its economies of scale, product diversification and productivity initiatives to gain further efficiency and improve margins
- In Q2 2020, gross profits had increased by 25.8% year over year. The gross margin as a percentage of revenues was 57.1%, which also resembles a 6.1% increase
- The adjusted operating margin retained 28.1% of revenues, a 7.9% increase year over year

Strong Balance Sheet

- PerkinElmer enjoys a stable liquidity position, a rarity in an R&D intensive industry
- At the end of Q2 2020, PerkinElmer holds cash and equivalents worth \$218.5m, an increase from \$195m sequentially. The current debt level of \$9.8m in the second quarter is a decline from the previous \$21m, allowing for robust solvency levels
- Such a balance sheet plays a strong role in economic downturns such as the one caused by the COVID-19 pandemic.

Overperforming peers – YTD Stock Price Gains



PKI shares have gained 48.9% YTD, compared to a comparable industry average rally of 23.7%, as investors realize the strengths that PKI presents. However, as PKI remains undervalued compared to its peers with regards to its valuation multiples, an opportunity still exists

Risks

Sluggish European Market

The European market, largely consisting of the United Kingdom, Germany, Italy and France, has often suffered from a lackluster growth with regards to the DAS segment due to a lack of research spending and academic clientele. As European growth currently hoists the overall top line growth, the addressable market risk begins to become a concern.

Diseconomies of Scale

Increased exposure to international markets has caused foreign exchange volatility risk. The fluctuation in exchange rates can adversely impact foreign sales. In Q2, 2% headwind in foreign exchange rates impacted revenues. Although frequent transactions allow for enhancement of revenues, market share and product lines, it proves as a distraction to management and allows for high levels of intangible assets and goodwill which contribute to integration risks.

Catalysts

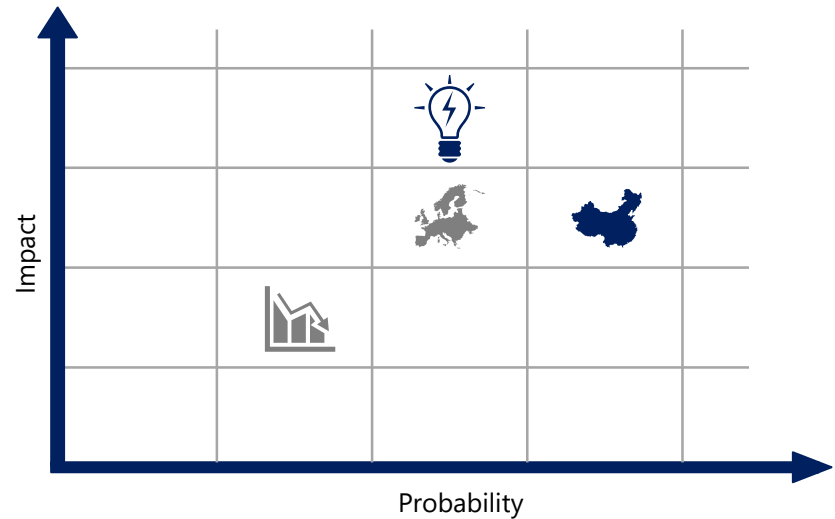
M&A Synergies

With most cost savings and revenue synergies expected to take effect in three years, a further improvement of margins, growth, revenue and market share can be expected. These synergies may range from product diversification and geographic diversification to technological and R&D synergies.

Adoption in Emerging Markets

With literacy rates in India and China increasing at 10% every decade, the two highest populous nations in the world would soon become one of the biggest addressable markets for Lab testing and applied science services. With progressive modernization of culture and infrastructure in both nations, a drastic increase in prenatal check ups is expected. This would further enhance the addressable market.

Risks & Catalyst Matrix



Risks



Sluggish European Market



Diseconomies of Scale

Catalysts



M&A Synergies



Adoption in Emerging Markets

Valuation

Company Comparable Analysis

Company Name	Financial Data		Margins		Growth		Valuation Multiples	
	Market Capitalization	Enterprise Value	Gross	EBITDA	LTM Total Revenues	LTM EBITDA	TEV/EBIT	P/E
Mettler-Toledo International Inc.	\$23,220.5	\$24,297.4	58.1%	26.6%	(0.9%)	3.2%	31.1x	43.4x
Illumina, Inc.	51,262.1	49,885.1	71.2%	35.1%	(1.6%)	13.3%	40.0x	75.1x
Agilent Technologies, Inc.	30,575.1	31,540.1	53.3%	23.1%	2.6%	(5.5%)	26.1x	44.7x
Bio-Rad Laboratories, Inc.	14,869.2	14,483.1	54.9%	17.8%	0.2%	16.5%	31.6x	7.7x
Avantor, Inc.	12,599.3	18,265.8	32.3%	17.3%	0.8%	9.2%	17.5x	94.1x
Thermo Fisher Scientific Inc.	166,357.2	181,885.2	45.4%	26.5%	5.5%	10.1%	26.1x	45.5x
Danaher Corporation	144,996.1	166,016.9	55.3%	24.7%	17.8%	13.3%	34.0x	51.6x
Bio-Techne Corporation	9,671.2	9,833.8	65.4%	26.9%	3.5%	0.7%	45.7x	43.5x
Maximum	\$166,357.2	\$181,885.2	71.2%	35.1%	17.8%	16.5%	45.7x	94.1x
75th Percentile	74,695.6	78,918.0	59.9%	26.7%	4.0%	13.3%	35.5x	57.5x
Median	26,897.8	27,918.7	55.1%	25.6%	1.7%	9.7%	31.4x	45.1x
25th Percentile	14,301.7	17,320.1	51.4%	21.8%	(0.1%)	2.6%	26.1x	43.5x
Minimum	9,671.2	9,833.8	32.3%	17.3%	(1.6%)	(5.5%)	17.5x	7.7x
PerkinElmer, Inc.	\$12,802.8	\$14,733.5	50.8%	23.1%	6.2%	19.6%	19.6x	43.5x

Analysis Commentary

- As noted on the comparable analysis, PerkinElmer is currently wildly undervalued. This is demonstrated by how the business trades at EV/EBITDA and P/E multiples of 19.6x and 43.5x, compared to industry medians of 31.4x and 45.1x respectively
- A consideration of PerkinElmer's operating data further strengthens this opportunity. Where, on average, peers' LTM revenue and EBITDA grew by 1.7% and 9.7% respectively, PerkinElmer enjoyed growth rates of 6.2% and 19.6%. Furthermore, where peers averaged an earnings growth of 0%, PerkinElmer enjoyed an overwhelming 16.46%. Such performance warrants a valuation consistent with the 75th percentile of its peers and is further justified considering the prior research regarding improving margins beyond the current comparable average
- By calculating the median EV/EBITDA and P/E multiples, we concluded with an equally weighted implied stock price of \$147.25

Valuation

Precedent Transaction Analysis

Acquirer	Target	Stock Price (\$)	Gross Transaction Value (\$MM)	Net Transaction Value (\$MM)	Offer Per Share (\$)	Implied Enterprise Value (\$MM)	EBITDA (Multiple)	Revenue (\$MM)	EBITDA (\$MM)
Wirepath Home	Control4 Corporation	17.12	693.7	625.0	23.91	625.0	22.5x	273.7	27.7
Motorola Solutions	Avigilon Corporation	18.58	1,104.5	1,077.7	21.96	1,077.7	17.8x	408.6	60.4
Xylem Inc.	Pure Technologies Ltd.	3.45	401.6	395.2	7.00	395.2	26.5x	98.1	14.9
CCL Industries Inc.	Checkpoint Systems Inc	7.89	557.3	433.1	10.15	433.1	9.5x	587.2	45.7

High						1,077.7	26.5x	587.2	60.4
Median						529.0	20.2x	341.2	36.7
Low						395.2	9.5x	98.1	14.9

PerkinElmer, Inc						14733.5	19.6x	2976.5	688.4
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Analysis Commentary

- The precedent transaction analysis implies that PerkinElmer is currently fairly-valued compared to a few comparable transactions such as that of Xylem and Motorola Solutions. However, the inaccuracy of the analysis is further elaborated upon below.
- However, it is important to consider a range of factors which discount the insights such an analysis may provide us with. With average premiums of 47%, EBITDA values of 10x less than PerkinElmer's and a transaction set which best addresses merely the DAS service line, it becomes clear that the transactions occur at a different scale and with businesses which may not encompass all of PerkinElmer's offerings and exposures. Although this is the most comparable set of precedent transactions due to its geographies and preliminary service lines, PerkinElmer's product mix, geographic diversification and scale render such an analysis inaccurate

Valuation

Discounted Cash Flow Analysis

USD in MM	Projections and Unlevered Free Cash Flows									
	2015A	2016A	2017A	2018A	2019A	2020E	2021E	2022E	2023E	2024E
Total Revenue	2104.8	2115.5	2257.0	2778.0	2883.7	3172.0	3489.2	3873.1	4337.8	4901.7
<i>Annual Growth</i>		0.5%	6.7%	23.1%	3.8%	10.0%	10.0%	11.0%	12.0%	13.0%
COGS	1133.3	1100.8	1183.2	1417.8	1466.0	1427.4	1395.7	1433.0	1691.8	2107.8
<i>Margin</i>	53.8%	52.0%	52.4%	51.0%	50.8%	45.0%	40.0%	37.0%	39.0%	43.0%
Operating Expenses	754.7	694.8	758.6	858.5	851.5	793.0	837.4	890.8	910.9	1078.4
<i>Margin</i>	35.9%	32.8%	33.6%	30.9%	29.5%	25.0%	24.0%	23.0%	21.0%	22.0%
EBITDA	378.6	406.0	424.6	559.3	614.5	634.4	558.3	542.2	780.8	1029.4
<i>Margin</i>	18.0%	19.2%	18.8%	20.1%	21.3%	20.0%	16.0%	14.0%	18.0%	21.0%
Less: Depreciation and Amortization	105.4	100.0	105.0	180.6	214.0	134.2	134.6	140.8	133.4	129.6
<i>% of Capital Expenditure</i>	373.4%	315.3%	268.6%	193.7%	280.4%	200.0%	170.0%	150.0%	120.0%	110.0%
EBIT	273.3	306.0	319.6	378.7	400.5	500.2	423.6	401.4	647.4	899.8
<i>Margin</i>	13.0%	14.5%	14.2%	13.6%	13.9%	15.8%	12.1%	10.4%	14.9%	18.4%
Less: Income Taxes	(43.7)	(49.0)	(51.1)	(60.6)	(64.1)	(80.0)	(67.8)	(64.2)	(103.6)	(144.0)
EBIAT	229.5	257.0	268.5	318.1	336.4	420.2	355.9	337.2	543.8	755.8

- Although the average revenue growth rate has sustained at 9%, we believe the expansion into emerging markets would drive an added revenue increase of 6% as per Chinese market growth rates. Furthermore, significant cost savings and revenue from technology investments and acquisitions are expected to be reflected in 2023 and 2024. Even though, remaining conservative, we estimate 10-13% revenue growth over the next five years before an even more conservative long term growth rate of 3%.
- As hypothesized, margins are expected to become more robust due to economies of scale and control
- CAPEX is expected to reduce as diseconomies of scale are realized and focus shifts to maintenance

Valuation

Discounted Cash Flow Analysis

Projections and Unlevered Free Cash Flows

<i>USD in MM</i>	2015A	2016A	2017A	2018A	2019A	2020E	2021E	2022E	2023E	2024E
EBIAT	229.5	257.0	268.5	318.1	336.4	420.2	355.9	337.2	543.8	755.8
Plus: Depreciation and Amortization	105.4	100.0	105.0	180.6	214.0	134.2	134.6	140.8	133.4	129.6
Less: Capital Expenditure	(28.2)	(31.7)	(39.1)	(93.3)	(76.3)	(67.1)	(79.2)	(93.9)	(111.2)	(117.8)
<i>Margin</i>	(1.3%)	(1.5%)	(1.7%)	(3.4%)	(2.6%)	(2.1%)	(2.3%)	(2.4%)	(2.6%)	(2.4%)
Less: Increase in Working Capital	209.1	140.7	143.4	117.2	21.2	30.8	68.3	76.4	74.8	82.4
Unlevered Free Cash Flow	515.8	466.0	477.8	522.7	495.3	518.1	479.6	460.5	640.9	849.9
Discounted UFCF						518.1	440.0	387.6	494.9	602.1

Gordon Growth Method	
PV of Forecast Period	2442.7
% of Enterprise Value	14%
Terminal Value Calculation:	
Terminal Year UFCF	875.4
Long-Term Growth Rate	3.0%
PV of Terminal Value	14591.6
% of Enterprise Value	86%
Implied Enterprise Value	17034.3
(+) Cash & Cash Equivalents	218.5
(-) Long Term Debt	(2149.2)
(-) Non-Controlling Interests	-
Implied Equity Value	15103.6
Diluted Shares Outstanding (M)	111.8
Current Share Price	124.5
Implied Share Price	135.1
Upside / (Downside)	9%

Multiple Method	
PV of Forecast Period	2442.7
% of Enterprise Value	14%
Terminal Value Calculation:	
Terminal Year EBITDA	1029.4
EV/EBITDA Exit Multiple	21.0x
Terminal Value	21616.7
PV of Terminal Value	15314.0
% of Enterprise Value	86%
Implied Enterprise Value	17756.7
(+) Cash & Cash Equivalents	218.5
(-) Long Term Debt	(2149.2)
(-) Non-Controlling Interests	-
Implied Equity Value	15826.0
Diluted Shares Outstanding (M)	111.8
Current Share Price	124.5
Implied Share Price	141.6
Upside / (Downside)	14%

		Exit Multiple				
		23.0x	24.0x	25.0x	26.0x	27.0x
WACC	8.0%	29%	35%	40%	45%	51%
	8.5%	27%	32%	37%	43%	48%
	9.0%	24%	29%	35%	40%	45%
	9.5%	22%	27%	32%	37%	42%
	10.0%	20%	25%	30%	35%	40%
	WACC Calculation					

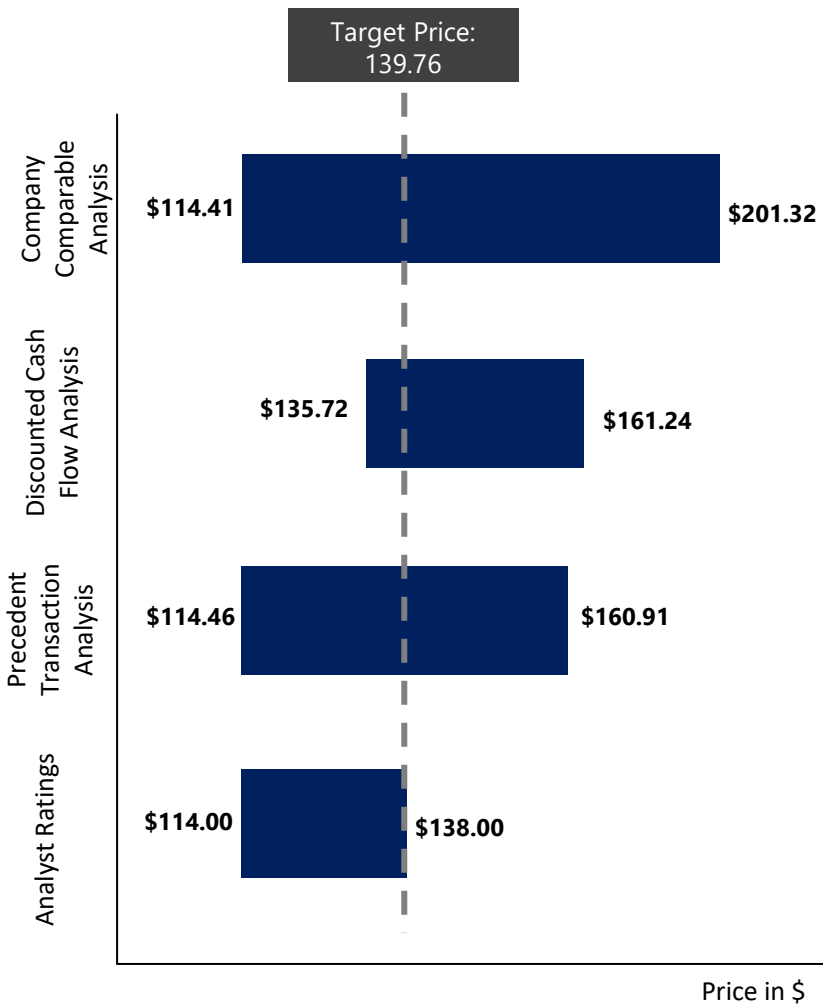
Market Risk Premium (Rm - Rf)	6.9%
Relevered Beta	1.201
Adjusted Market Risk Premium	8.2%
Add: Risk-Free Rate of Return (Rf)	2%
Cost of Equity	10.2%
Multiplied by: % Equity	85.6%
Weighted Cost of Equity	8.8%

Cost of Debt (Rd) - Average of Last 5 Issued B	2%
Tax Rate (5 Year Average)	16.0%
After-Tax Cost of Debt	1.7%
Multiplied by: % Debt	14.4%
Weighted Cost of Debt	0.2%

WACC	9.0%
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- Considering the geographic scope and specifics of PerkinElmer's operations in emerging economies, a long-term growth rate of 3% is expected
- In order to remain conservative, the exit multiple is derived from the current multiple and median of comparable companies

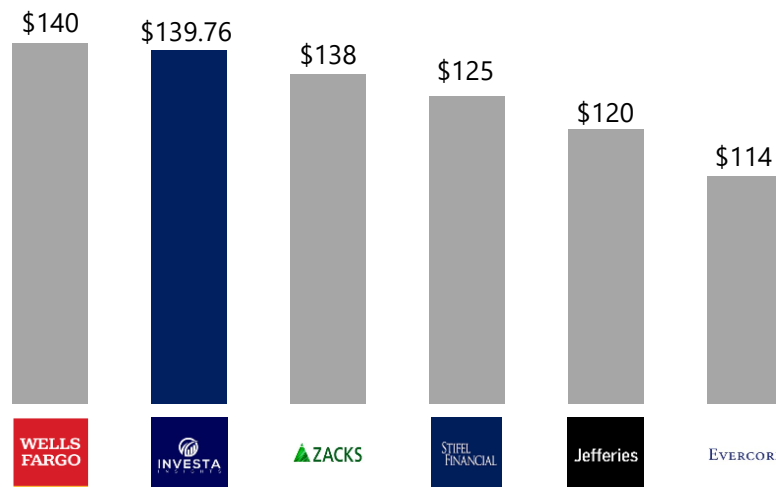
Valuation



Target and Return

Analysis	Price	Weights
Comparables Analysis	\$ 147.30	40%
DCF Analysis	\$ 139.40	40%
Precedent Transaction Analysis	\$ 145.90	0%
Analyst Targets	\$ 125.40	20%
Target Price	\$ 139.76	100%
Current Price	\$ 116.00	
Implied Return	20.48%	

Analyst Ratings



Working Capital Schedule

Levered Beta Calculation

Assumptions

Appendix I: Working Capital Schedule

Working Capital Schedule											
<i>USD in MM</i>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Revenue	2069.9	2104.8	2115.5	2257.0	2778.0	2883.7	3172.0	3489.2	3873.1	4337.8	4901.7
Cost of Revenue	1132.9	1133.3	1100.8	1183.2	1417.8	1466.0	1427.4	1395.7	1433.0	1691.8	2107.8
Accounts Receivable	470.6	415.1	425.6	552.3	632.7	725.2	797.7	877.5	974.0	1090.9	1232.7
<i>Receivable Days</i>	83.0	72.0	73.4	89.3	83.1	91.8	91.8	91.8	91.8	91.8	91.8
Inventory	285.5	259.5	246.8	351.7	338.3	356.9	347.5	339.8	348.9	411.9	513.2
<i>Inventory Days</i>	92.0	83.6	81.9	108.5	87.1	88.9	88.9	88.9	88.9	88.9	88.9
Other Current Assets	137.7	120.7	158.2	93.8	100.5	100.4	110.4	121.5	134.8	151.0	170.6
<i>Margin</i>	6.7%	5.7%	7.5%	4.2%	3.6%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Total Non-Cash Current Assets	893.7	795.2	830.7	997.8	1071.5	1182.5	1255.7	1338.7	1457.7	1653.8	1916.5
Accounts Payable	174.0	141.0	168.0	222.1	220.9	235.9	229.6	224.5	230.5	272.2	339.1
<i>Payable Days</i>	56.0	45.4	55.7	68.5	56.9	58.7	58.7	58.7	58.7	58.7	58.7
Accrued Liabilities	224.3	216.4	228.5	329.9	343.1	272.6	264.7	291.1	323.1	361.9	409.0
<i>Margin</i>	10.8%	10.3%	10.8%	14.6%	12.3%	9.5%	8.3%	8.3%	8.3%	8.3%	8.3%
Other Current Liabilities	371.6	523.0	660.1	815.2	994.1	1181.8	1300.0	1430.0	1587.3	1777.7	2008.9
<i>Margin</i>	18.0%	24.8%	31.2%	36.1%	35.8%	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%
Total Non-Debt Current Liabilities	769.9	880.5	1056.6	1367.2	1558.1	1690.3	1794.3	1945.6	2141.0	2411.8	2756.9
Net Working Capital / (Defecit)	123.9	(85.2)	(226.0)	(369.4)	(486.6)	(507.8)	(538.6)	(606.9)	(683.2)	(758.1)	(840.4)
(Increase) / Decrease in Working Capital		209.1	140.7	143.4	117.2	21.2	30.8	68.3	76.4	74.8	82.4

Appendix II: Levered Beta Calculation

Beta Calculation

Name	5Yr Avg Tax Rate	Levered Beta	Total Debt	Market Cap	Pref Equity	Debt/ Equity	Pref/ Equity	Unlevered Beta
Waters Corporation	29.8%	0.992	\$ 1,786.85	\$ 13,361.15	\$ -	13.4%	0.0%	0.907
Mettler-Toledo International Inc.	24.2%	1.122	\$ 1,204.15	\$ 23,220.48	\$ -	5.2%	0.0%	1.080
Illumina, Inc.	20.8%	0.984	\$ 1,891.00	\$ 51,262.06	\$ -	3.7%	0.0%	0.956
Agilent Technologies, Inc.	26.3%	1.126	\$ 2,677.00	\$ 30,575.14	\$ -	8.8%	0.0%	1.058
Bruker Corporation	29.2%	1.382	\$ 1,087.60	\$ 6,461.73	\$ -	16.8%	0.0%	1.235
Bio-Rad Laboratories, Inc.	28.4%	1.114	\$ 645.78	\$ 14,869.17	\$ -	4.3%	0.0%	1.081
Average		1.120						1.053
Debt/Equity								16.8%
Preferred/Equity								0.0%
Tax Rate								16.0%
PKI Levered Beta								1.201

Input (US\$ MM)

Total Debt	\$ 2,149.20
Total Preferred	\$ -
Price per share (US\$ per share)	\$ 124.45
Outstanding Shares (MM)	111.8
Market Cap.	\$12,802.80

ASSUMPTIONS

Tax Rate	16.0%
Risk-Free Rate of Return (Rf)(1)	2%
S&P 500 Market Return (Rm) - Long Term Average	8.85%
% Debt	14.4%
% Preferred Shares	0%
% Equity	85.6%
Cost of Debt (Rd) - Average of Last 5 Issued Bonds	2%
Debt / Equity	16.8%

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