

Investment Theme

Investing in companies with solid business model, outstanding drug products, and continued emphasis on R&D and innovation. Rigorous practicing of value investing method to identify the outstanding companies that are currently underpriced.

Overview

Celgene is a leading biopharmaceutical company that discovers, develops, and commercializes innovative drugs for the treatment of the most debilitating diseases such as cancer, immunological disorder, and chronic inflammation. Its core disease expertise is hematological and solid tumor cancers such as multiple myeloma (MM), myelodysplastic syndromes (MDS), non-Hodgkin's lymphoma (NHL), non-small-cell lung cancer (NSCLC), and breast, ovarian, prostate, and pancreatic cancers. Celgene is a leading biotech player built on the platform of traditional, small-molecular based medications, particularly with immunomodulators. Its flagship drug product is Revlimid indicated for MDS and MM, which has registered an impressive global sale of \$3.2 billion. Other marketed prescription drugs include Revlimid's predecessor Thalomid, indicated for MM, Vidaza, recently acquired from Pharmion Corp and indicated for MDS, Abraxane, recently acquired from Abraxis BioScience and indicated for metastatic breast cancer and NSCLC, and Istodax, recently acquired from Gloucester Pharmaceuticals and indicated for T-cell lymphoma.

The major growth driver come from Revlimid, which was originally approved by U.S. Food and Drug Administration (FDA) for treatment of MDS in 2005 and since then obtained regulatory nodding from leading pharmaceutical markets in U.S., E.U., Japan, and some emerging countries for treatment of refractory MM, which result in huge commercial success and rapid sales growth. Its more toxic predecessor Thalomid also contributes to over \$300 million total sales, although the growth is relatively flat. The newly acquired drugs such as Vidaza also brought in healthy sales over \$700 million. The pipeline is highly robust, including extension of indications for current drugs as well as late-stage clinical trials leading to the approval of new drugs. For example, Abraxane which has been approved for NSCLC and metastatic breast cancer is undergoing Phase III trials for melanoma and pancreatic cancer; Apremilast, a newly developed compound for treatment of inflammatory diseases has produced very positive data for psoriatic arthritis and is slated to NDA filing in early 2013.

Celgene, trading at \$77.27, results in a P/E ratio of approximately 22.5x based on current-year EPS estimates of approximately \$4.46. The provided discounted cash flow valuation that assumes a 9.8% five year compounded annual growth rate and a WACC of 5.6%, resulting in an intrinsic value of \$112.84.

The major risks for the business of Celgene include the tightened fiscal situation in both U.S. and E.U., the emphasis on value-based purchasing from government payers and managed care organizations, recent healthcare reform and ensuing uncertainties about payer policies, the over-dependence on Revlimid for the long-term growth, and highly uncertain outcome in the drug discovery industry.

2012 Q3 Results

Wal-Mart registered a net sale of \$1.388 billion and EPS of \$0.99 for fiscal year 2012 quarter 3 ending in September 30th, 2012, which were both in line with Wall Street expectations. Compared to 2011 Q3, the revenue and EPS grew by 14% and 26%, respectively. The operating margin also increased from 47.8% to 49.1%. With such strong performance, the management is increasing the FY 2012 EPS guidance by 5 cents to \$4.85-\$4.90 with refined revenue range of \$5.45 to \$5.55 billion.

Recommendation: BUY

Total Annual Return Est.:

3 year FV	13.5%
5 year FV	7.9%

Financial Snapshot:

Price	\$77.27
DCF Value	\$112.84
Buy Target	\$95.92
Sell Target	\$129.77
P/E	22.5x
Forward P/E	21.1x
Div Yield	Nil
Market Cap	\$33.8 Billion
52 Wk Range	\$58 - \$81
EPS Growth	20.5%
PEG	0.73
Credit	BBB+
Current Ratio	2.8



Investment Thesis

Celgene has dominated the market for multiple myeloma with its flagship drug Revlimid together with its predecessor Thalomid and future second-line drug Pomalidomide (under FDA review, PDUFA time Feb 2013) and it is aggressively expanding international footprints and into other oncology indications. Revlimid has registered impressive \$3.2B sales in 2011 and is projected to break \$5B mark by 2015. The positive industry outlook together with its frontrunner position, strong finances and cash, and high growth potential make CELG a safe and timely investment.

Pros

- Favorable demographic and regulatory changes result in significant increased customer drug utilization and customer population, with particular demand on specialty drug treatment such as oncology medications.
- CELG has delivered strong revenue growth of last five years, due to rapid market uptake of its leading multiple myeloma drug Revlimid. Because of its orphan drug designation in US and EU, CELG will be able to enjoy healthy revenue streams for next decade and favorable tax policies (18% tax rate).
- Recent acquisitions (Pharmion Corp and Abraxis Biosciences) have brought CELG drugs that are strategic fit with current product portfolio plus decent revenue. Vidaza supplements Revlimid and Thalomid treatment for MDS; whereas Istodax and Abraxane help CELG move into other solid tumor indications.
- CELG has a healthy and diverse R&D pipeline portfolio with over 20 late stage Phase III trials, covering new indication for current drugs and novel innovative drugs for various cancer and immune diseases. Abraxane is in two Phase III studies for melanoma and pancreas cancer; Apremilast has demonstrated favorable Phase III results for psoriasis and psoriatic arthritis and is slated for NDA filing in 1Q2013.

Industry Trends

The fundamental outlook for the biotech industry for the next 12 months is strongly positive. YTD S&P biotech index rose by 45.1% vs 15.1% of S&P 500. The aging of the baby-boomer generation, longer time span, increasing patient coverage by ACA, and subsequent increased medical demand all serve as favorable backdrop for healthcare sector. Re-authorized PDUFA V, increased efficiency and new drug approval by FDA, growing need for specialty medicine such as oncology drugs will significantly benefit the biotech industry.

Business Summary

Celgene is a leading biopharmaceutical firm that discovers, develops, and markets therapeutics for the treatment of cancer and immunological diseases. Celgene markets Thalomid to treat multiple myeloma and Revlimid, a less toxic thalidomide derivative, to treat myelodysplastic syndromes (MDS) and multiple myeloma. Recent acquisitions have brought MDS drug Vidaza, T-cell lymphoma drug Istodax, and breast cancer drug Abraxane.

Management Review

The current President and CEO Robert Hugin took office in 2010 after serving as COO from 2006 to 2010 and FO from 1999 to 2006. Hugin came to Celgene from J.P. Morgan as a Managing Director. Under his leadership, Celgene has experienced a rapid growth, particularly with the successful launch of Revlimid for treatment of MDS in 2005 and MM in 2006 in U.S. Hugin is accompanied by a group of veteran business executives at Celgene,

including EVP/CFO Jacquelyn Fouse, EVP/CCO Mark Alles, and EVP/COO Perry Karsen. The management is particularly good at controlling costs, as manifested by continued growth of operating margins, as well as driving rapid growth via both organic (in-house discovery) and inorganic (acquisition and in-licensing) ways.

Financial Trend and Health

The financial trend of Celgene has been really robust over the last few years, registering double digit growth in both revenue and net income. The compounded annual growth rate (CAGR) for EPS for the next 3 years is estimated to be over 20%. Celgene has also maintained a very strong balance sheet with over \$2.5 billion in cash for further high-profile acquisition or in-licensing projects if needed. The current ratio is 2.8, indicating the company is in good solvency. To leverage the current low favorable interest rate, the company issued two rounds of long-term debts in 2010 and 2012 for \$1.27 billion and \$1.5 billion each.

Competitive Analysis

Oncology and inflammatory diseases are two of the most competitive disease indications for the life sciences industry. Celgene successfully established its market leadership position in the treatment of MM with Revlimid which had better efficacy and safety than the standard of care Velcade from Millennium Pharmaceuticals (Takeda's oncology division). With newly acquired Vidaza and to be approved Pomalidomide, Celgene is expected to dominate the field of MM treatment for next few years with lack of serious competitor drugs in the pipeline. With Apremilast, Celgene is expected to enter the highly lucrative but also competitive arena of psoriatic arthritis against established market leaders and standard of care anti-TNF-alpha medications Remicade, Enbrel, and Humira, which will be an uphill battle for gaining favorable market penetration.

Risk Factors

- Over-dependence on Revlimid, which now contributes to more than 75% of CELG's revenue, will hurt the company in the long run. Clinical reports of secondary cancer incidence following Revlimid treatment raise its safety concerns.
- Recent stumble of Revlimid's EU filing (withdraw due to insufficient data) as first-line and maintenance treatment for multiple myeloma will drag CELG's international expansion, although MM-015 data looks promising to boost re-filing in 2013.
- The current fiscal tightening in EU and potential change to Medicare and Medicaid due to fiscal cliff negotiations will push government payers and managed care organizations to lower the price premium they will pay for drugs, particularly the expensive oncology drugs Celgene markets. Pricing and market access will be a fundamental problem to tackle.

DCF Valuation Model

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	-4	-3	-2	-1	0	1	2	3	4	5
SGA/Sales	60.5%	71.7%	56.8%	58.1%	50.3%	50.0%	50.0%	50.0%	50.0%	50.0%
Tax/NIBT	68.3%	59.8%	22.6%	13.4%	6.0%	14.0%	14.0%	14.0%	14.0%	14.0%
Current Assets/Sales	219.4%	126.0%	141.0%	121.4%	89.9%	120.0%	120.0%	120.0%	120.0%	120.0%
Current Liabilities/Sales	30.8%	23.4%	18.1%	29.9%	31.8%	26.8%	26.8%	26.8%	26.8%	26.8%
Depreciation/Capex	49.0%	192.4%	135.0%	262.7%	274.6%	216.2%	216.2%	216.2%	216.2%	216.2%
Interest Exp/LTD	49.2%	20.0%	9.3%	1.0%	3.8%	8.5%	8.5%	8.5%	8.5%	8.5%
Capex/Sales	4.6%	3.4%	3.4%	2.8%	2.7%	3.4%	3.4%	3.4%	3.4%	3.4%
Dividends/FCF	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Discounted Cash Flow										
Operating Profit	425.1	275.8	878.6	989.2	1693.5	1962.8	2159.1	2331.8	2518.4	2719.9
Taxes	290.5	164.8	199.0	132.4	102.1	274.8	302.3	326.5	352.6	380.8
NOPAT	134.6	111.0	679.6	856.8	1591.5	1688.0	1856.8	2005.4	2165.8	2339.1
Depreciation	31.5	148.9	126.1	259.1	362.9	409.3	450.3	486.3	525.2	567.2
Capex	64.4	77.4	93.4	98.6	132.1	189.3	208.3	224.9	242.9	262.3
Change In NWC	2651.5	-337.4	1036.0	-77.3	-459.6	2376.5	519.0	456.7	493.2	532.7
FCF	-2549.7	519.8	-323.7	1094.5	2281.8	-468.5	1579.9	1810.0	1954.8	2111.2
Terminal Growth Rate										2.0%
Terminal Value										59,275
PV of Cash Flows						(444)	1,416	1,536	1,570	1,605
PV of Terminal Value										45,069
PV Enterprise Value										50,752
Plus: Cash										2,741
Less: LTD										1,276
Equity Value										52,217
Current Shares Outstanding										463
Equity Value Per Share										112.84

Comparative Valuation Analysis

Direct Competitor Comparison					
	CELG	PVT1	JNJ	PVT2	Industry
Market Cap:	33.39B	N/A	198.03B	N/A	98.26M
Employees:	4,460	10,730 ¹	117,900	N/A	75.00
Qtrly Rev Growth (yoy):	0.16	N/A	0.07	N/A	0.21
Revenue (ttm):	5.17B	7.88B ¹	65.92B	N/A	14.35M
Gross Margin (ttm):	0.91	N/A	0.68	N/A	0.73
EBITDA (ttm):	2.19B	N/A	20.26B	N/A	-5.82M
Operating Margin (ttm):	0.36	N/A	0.26	N/A	-0.86
Net Income (ttm):	1.55B	711.10M ¹	8.50B	N/A	N/A
EPS (ttm):	3.44	N/A	3.05	N/A	-0.16
P/E (ttm):	22.50	N/A	23.63	N/A	21.07
PEG (5 yr expected):	0.71	N/A	2.31	N/A	N/A
P/S (ttm):	6.54	N/A	3.02	N/A	7.31

Pvt1 = Eisai Co., Ltd.

JNJ = Johnson & Johnson

Pvt2 = Millennium Pharmaceuticals, Inc. (privately held)

Industry = Biotechnology

WACC Calculation

Marginal tax rate	18%
Risk free rate	1.64%
Market risk premium	5.90%
Beta	0.70
Cost of equity	5.77%
Cost of debt pre-tax	3.78%
After tax cost of debt	3.10%
Share price	\$77.3
Market capitalization	33,334
Total debt	1,802
Total capital	35,137
% equity capital	94.9%
% debt capital	5.1%
Weighted average cost of capital	5.63%
Cost of Debt Calculator	
Coupon	4.125%
Settlement	5/15/2011
Maturity	5/15/2021
Price	113.3
YTM	2.61%
Cost of Debt: Financial Statements	
Int Exp/LTD	3.8%

Total Return Calculation

Current Price	\$77.27
Fair Value	\$ 112.84
Div 1	\$ -
Div 2	\$ -
Div 3	\$ -
Div 4	\$ -
Div 5	\$ -
Ttl Ann Ret 3 yr to FV	13.5%
Ttl Ann Ret 5 yr to FV	7.9%

Valuation Assumptions

Est. 2012 EPS	\$4.46
Est. 2013 EPS	\$5.11
Est. Revenue Growth	10%
Terminal Growth Rate	2%
Tax Rate	18%
WACC	5.63%

Income Statement Projection

Consolidated Income Statement											
Sales	1,405.8	2,254.8	2,726.3	3,578.1	4,842.1	5,568.4	6,125.3	6,615.3	7,144.5	7,716.1	9.8%
COGS	98.7	213.3	173.6	250.7	352.2	412.1	453.3	489.5	528.7	571.0	10.1%
Gross profit	1,307.1	2,041.4	2,552.7	3,327.4	4,489.9	5,156.4	5,672.0	6,125.8	6,615.8	7,145.1	9.7%
Gross Margin	93%	91%	94%	93%	93%	93%	93%	93%	93%	93%	0.0%
SG&A	850.5	1,616.8	1,548.0	2,079.1	2,433.5	2,784.2	3,062.6	3,307.6	3,572.3	3,858.0	9.7%
EBITDA	456.7	424.7	1,004.7	1,248.3	2,056.4	2,372.1	2,609.4	2,818.1	3,043.6	3,287.0	9.8%
Depreciation	31.5	148.9	126.1	259.1	362.9	409.3	450.3	486.3	525.2	567.2	9.3%
Operating profit (EBIT)	425.1	275.8	878.6	989.2	1,693.5	1,962.8	2,159.1	2,331.8	2,518.4	2,719.9	9.9%
Operating Margin	30%	12%	32%	28%	35%	35%	35%	35%	35%	35%	0.2%
Taxes	290.5	164.8	199.0	132.4	102.1	274.8	302.3	326.5	352.6	380.8	30.1%
Interest Expense	11.1	4.4	2.0	12.6	48.2	108.4	108.4	108.4	108.4	108.4	
Net income	123.5	106.5	677.7	844.1	1,543.3	1,579.6	1,748.4	1,897.0	2,057.4	2,230.6	7.6%
Net Margin	9%	5%	25%	24%	32%	28%	29%	29%	29%	29%	-1.9%
Shareholder information											
Average no. of shares outstanding	431.9	442.6	467.4	469.5	462.7	431.4	431.4	431.4	431.4	431.4	-1.4%
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	#NUM!
Earnings per share	0.3	0.2	1.4	1.8	3.3	3.66	4.05	4.4	4.8	5.2	9.2%

Historical Financial Data
Income Statement

	12/31/2011 USD	12/31/2010 USD	12/31/2009 USD	12/31/2008 USD	12/31/2007 USD
Income Statement					
Net Sales or Revenues	4,842.1	3,578.1	2,726.3	2,254.8	1,405.8
Operating Expenses - Total	3,148.6	2,588.9	1,884.8	1,979.0	980.7
Cost of Goods Sold	352.2	250.7	173.6	213.3	98.7
Selling, General & Admin Expenses	2,433.5	2,079.1	1,548.0	1,616.8	850.5
Depreciation, Depletion & Amortization	362.9	259.1	126.1	148.9	31.5
Other Operating Expenses	0.0	0.0	37.1	0.0	0.0
Operating Income	1,693.5	989.2	841.5	275.8	425.1
Extraordinary Credit - Pretax	174.3	0.0	6.5	0.0	0.0
Extraordinary Charge - Pretax	403.7	47.4	2.0	1,746.5	5.5
Non-Operating Interest Income	25.9	44.8	76.8	91.3	115.3
Interest Expense On Debt	48.2	12.6	2.0	4.4	11.1
Pretax Equity In Earnings	0.0	0.0	0.0	0.0	0.0
Reserves- Increase(Decrease)	-	-	-	-	-
Other Income/Expense - Net	(19.5)	40.6	56.0	24.7	(2.4)
Interest Capitalized	-	-	-	-	0.0
Pretax Income	1,422.3	1,014.5	976.8	(1,359.1)	521.5
Income Taxes	102.1	132.4	199.0	164.8	290.5
Minority Interest	(0.7)	(0.3)	0.0	0.0	0.0
Equity In Earnings	(2.8)	(1.9)	(1.1)	(9.7)	(4.5)
After Tax Other Income/Expense	0.0	0.0	0.0	0.0	0.0
Discontinued Operations	0.0	0.0	0.0	0.0	0.0
Net Income Before Extra Items/Preferred C	1,318.2	880.5	776.7	(1,533.7)	226.4
Extr Items & Gain(Loss) Sale of Assets	0.0	0.0	0.0	0.0	0.0
Net Income Before Preferred Dividends	1,318.2	880.5	776.7	(1,533.7)	226.4
Preferred Dividend Require	0.0	0.0	0.0	0.0	0.0
Net Income to Common Sharehold	1,318.2	880.5	776.7	(1,533.7)	231.8
EPS Incl Extraordinary Items	2.9	1.9	1.7	(3.5)	0.5
EPS - Continuing Operations	2.9	1.9	1.7	(3.5)	0.5
Dividend Per Share	0.0	0.0	0.0	0.0	0.0
Common Shares Used to Calc Diluted EPS	462,748,000.0	469,517,000.0	467,354,000.0	442,620,000.0	431,858,000.0

Historical Financial Data
Balance Sheet

	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007
	USD	USD	USD	USD	USD
Assets					
Cash & ST Investments	2,740.9	2,629.8	3,006.9	2,222.1	2,738.9
Receivables (Net)	945.5	706.4	438.6	312.2	167.3
Inventories - Total	189.6	260.1	100.7	100.2	49.1
Prepaid Expenses	-	-	-	-	-
Other Current Assets	477.3	746.8	298.6	206.9	129.2
Current Assets - Total	4,353.2	4,343.2	3,844.8	2,841.4	3,084.4
Long Term Receivables	0.0	0.0	0.0	0.0	0.0
Investment In Unconsolidated Subsidiaries	26.6	23.1	21.5	18.4	14.4
Other Investments	4.3	0.0	11.6	0.0	0.0
Property Plant & Equipment - Net	506.0	509.9	297.8	249.0	197.4
Other Assets	5,082.3	5,272.1	1,053.3	1,158.5	174.1
Total Assets	9,972.5	10,148.3	5,229.0	4,267.3	3,470.3
Liabilities					
Accounts Payable	121.5	94.5	36.6	53.9	37.9
ST Debt & Current Portion of LT Debt	526.7	-	4.0	3.8	200.1
Accrued Payroll	171.1	153.2	98.0	84.8	51.5
Income Taxes Payable	30.0	11.5	46.9	51.2	5.0
Dividends Payable	-	-	-	-	-
Other Current Liabilities	690.6	811.3	309.2	333.6	138.5
Current Liabilities - Total	1,540.0	1,070.4	494.7	527.2	432.9
Long Term Debt	1,275.6	1,268.2	21.1	22.2	22.6
Provision for Risks & Charges	616.5	551.9	422.4	-	26.5
Deferred Income	83.9	75.7	53.0	36.7	60.3
Deferred Taxes	741.6	854.0	(160.3)	(178.0)	(130.4)
Deferred Tax Liability In Untaxed Reserves	-	-	-	-	-
Other Liabilities	202.3	332.7	3.6	367.8	214.3
Total Liabilities	4,459.8	4,152.8	834.4	775.9	626.4
Shareholders' Equity					
Non-Equity Reserves	0.0	0.0	0.0	0.0	0.0
Common Equity	5,512.7	5,984.0	4,394.6	3,491.3	2,843.9
Total Shareholders Equity	5,512.7	5,984.0	4,394.6	3,491.3	2,843.9
Total Liabilities & Shareholders Eq	9,972.5	10,148.3	5,229.0	4,267.3	3,470.3
Common Shares Outstanding	437.5	470.4	459.3	459.1	403.1

Historical Financial Data
Cash Flow Statement

	12/31/2011 USD	12/31/2010 USD	12/31/2009 USD	12/31/2008 USD	12/31/2007 USD
Operations					
Net Income / Starting Line	1,318.2	880.5	776.7	(1,533.7)	226.4
Depreciation, Depletion & Amortization	362.9	259.1	126.1	148.9	31.5
Deferred Income Taxes & Investment Tax C	(85.8)	(103.9)	(26.9)	(104.6)	(10.1)
Other Cash Flow	178.7	253.7	164.6	1,881.7	83.1
Funds From Operations	1,773.9	1,289.4	1,040.5	392.3	331.0
Extraordinary Items	0.0	0.0	0.0	0.0	0.0
Funds From/For Other Operating Activities	34.8	(107.9)	(130.7)	(210.2)	146.5
Net Cash Flow - Operating Activities	1,808.7	1,181.6	909.9	182.2	477.5
Investing					
Capital Expenditures (Addition to Fixed Ass	(132.1)	(98.6)	(93.4)	(77.4)	(64.4)
Additions To Other Assets	0.0	0.0	0.0	0.0	0.0
Net Assets From Acquisitions	0.0	(2,652.4)	0.0	(746.8)	0.0
Increase In Investments	(1,756.5)	(3,288.2)	(3,024.4)	(858.3)	(2,572.7)
Decrease In Investments	2,175.2	3,931.9	2,258.4	1,148.1	1,654.4
Disposal of Fixed Assets	0.0	0.0	0.0	0.0	0.0
Other Use(Source) - Investing	(91.2)	0.0	(3.3)	(12.1)	7.5
Net Cash Flow - Investing	377.7	(2,107.3)	(856.1)	(522.2)	(990.2)
Financing					
Net Proceeds From Sale/Issue of Com & F	166.5	86.9	49.8	128.6	144.7
Com/Pfd Purchased	(2,221.2)	(183.1)	(209.5)	0.0	0.0
Long Term Borrowings	0.0	1,237.3	0.0	0.0	0.0
Reduction In Long Term Debt	0.0	0.0	0.0	0.0	0.0
Inc(Dec) In Short Term Borrowings	525.7	0.0	0.0	0.0	0.0
Other Source (Use) - Financing	(125.6)	36.1	97.8	153.0	143.0
Net Cash Flow - Financing	(1,654.6)	1,177.2	(61.9)	281.6	287.7
Effect of Exchange Rate On Cash	(23.4)	(2.5)	17.9	(67.5)	3.8
Inc(Dec) In Cash & Short Term Inve	508.3	249.0	9.8	(125.9)	(221.1)

Historical Financial Data

Key Ratios

	12/31/2011 USD	12/31/2010 USD	12/31/2009 USD	12/31/2008 USD	12/31/2007 USD
Valuation Measures					
Market Cap	29,574.5	27,818.8	25,573.3	25,380.7	18,628.4
Net Sales or Revenues	4,842.1	3,578.1	2,726.3	2,254.8	1,405.8
Total Debt	1,802.3	1,268.2	25.1	26.0	222.7
Net Assets	9,972.5	10,148.3	5,229.0	4,267.3	3,470.3
Enterprise Value	28,635.9	26,468.6	22,591.6	23,184.6	16,112.2
EBITDA	1,833.4	1,286.3	1,104.8	(1,205.8)	564.1
EBIT	1,470.5	1,027.2	978.8	(1,354.7)	532.6
Capital Expenditure	132.1	98.6	93.4	77.4	64.4
Valuation					
Price/Earnings	23.7	31.5	33.5	NEG	85.6
Price/Sales	6.1	7.8	9.4	11.3	13.3
Price/Cash Flow	17.6	21.5	25.0	62.4	60.3
Price/Book Value	5.4	4.6	5.8	7.3	6.6
Price/Tangible BV	37.9	33.2	7.4	10.3	6.9
Enterprise Value					
Enterprise Value / Sales	5.9	7.4	8.3	10.3	11.5
Enterprise Value/ EBITDA	15.6	20.6	20.4	NEG	28.6
Enterprise Value / EBIT	19.5	25.8	23.1	NEG	30.3
Enterprise Value / Cash Flow	16.1	20.5	21.7	59.1	48.7
Enterprise Value / Free Cash Flow	17.1	24.4	27.7	221.2	39.0
Credit Statistics					
Total Debt/ Enterprise Value	0.1	0.0	0.0	0.0	0.0
Net Debt / Enterprise Value	-	-	-	-	-
Total Debt / EBITDA	1.0	1.0	0.0	NEG	0.4
Net Debt / EBITDA	NEG	NEG	NEG	1.8	NEG
EBITDA / Interest Expense	38.0	101.8	562.0	(271.8)	50.7
EBITDA - Capex / Interest Expense	35.3	94.0	514.5	(289.2)	44.9
EBIT/ Interest Expense	30.5	81.3	497.8	(305.3)	47.9
Liquidity Leverage					
Quick Ratio	2.4	3.1	7.0	4.8	6.7
Current Ratio	2.8	4.1	7.8	5.4	7.1
Cash Flow/Current Liabilities	1.2	1.1	1.8	0.3	1.1
Long Term Debt / Equity	23.1	21.2	0.5	0.6	0.8
Total Debt / Equity	32.7	21.2	0.6	0.7	7.8
Long Term Debt / Total Capital	18.8	17.5	0.5	0.6	0.8
Total Debt / Total Capital	24.6	17.5	0.6	0.7	7.3
Working Capital / Total Capital	41.4	45.1	75.9	65.9	92.5
Profitability Ratios					
Gross Margin	85.23%	85.75%	89.01%	83.93%	90.74%
Gross Margin - 5 Yr Average	86.93%	87.09%	86.92%	85.95%	85.55%
EBITDA Margin	37.86%	35.95%	40.52%	(53.48%)	40.13%
EBITDA Margin - 5 Yr Average	24.20%	18.37%	10.48%	(3.70%)	29.52%
EBIT Margin	30.37%	28.71%	35.90%	(60.08%)	37.88%
EBIT Margin - 5 Yr Average	17.93%	12.93%	6.05%	(7.91%)	26.96%
Pre-Tax Margin	29.37%	28.35%	35.83%	(60.28%)	37.09%
Pre-Tax Margin - 5 Yr Average	14.07%	12.90%	10.45%	6.63%	19.68%
Net Margin	27.22%	24.61%	28.49%	(68.02%)	16.11%
Net Margin - 5 Yr Average	5.68%	1.77%	(0.78%)	(3.68%)	10.92%

Historical Financial Data
Key Ratios (continued)

Efficiency Ratios					
Sales Per Employee	1.1	0.9	1.0	0.9	0.8
Operating Profit Per Employee	0.3	0.2	0.3	(0.6)	0.3
Net Income Per Employee	0.3	0.2	0.3	(0.6)	0.1
Assets Per Employee	2.2	2.4	1.9	1.7	2.1
Total Asset Turnover	0.5	0.4	0.5	0.5	0.4
Inventory Turnover	1.6	1.4	1.7	2.9	2.7
Receivable Turnover	5.9	6.2	7.3	9.4	9.5
Payable Turnover	3.3	3.8	3.8	4.7	3.2
Management Effectiveness					
Return on Equity	22.93%	16.97%	19.70%	(48.42%)	9.40%
Return on Equity - 5 Yr Average	4.12%	0.59%	(0.52%)	(1.78%)	8.82%
Return On Assets	13.41%	11.56%	16.39%	(39.57%)	7.64%
Return On Assets - 5 Yr Average	1.89%	(0.02%)	(1.12%)	(3.15%)	5.38%
Return On Invested Capital	18.51%	15.21%	19.61%	(46.50%)	8.55%
Return On Invested Capital - 5 Yr Average	3.08%	0.25%	(1.33%)	(3.77%)	6.23%
Dividend Ratios					
Dividend Per Share	0.0	0.0	0.0	0.0	0.0
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%
Dividend Payout Ratio	0.00%	0.00%	0.00%	0.00%	0.00%
Growth Rates					
Sales	35.33%	31.24%	20.91%	60.39%	56.40%
Sales - 5 Yr	40.04%	46.13%	48.50%	52.71%	59.60%
EBITDA	42.54%	16.42%	(191.63%)	(313.74%)	129.08%
EBITDA - 5 Yr	49.41%	63.37%	68.06%	(115.40%)	51.13%
Net Income	49.70%	13.36%	-	-	228.25%
Net Income - 5 Yr	80.40%	69.11%	71.24%	-	-
EPS	51.60%	13.25%	-	-	200.00%
EPS - 5 Yr	73.75%	59.87%	60.68%	-	-
Capital Expenditure	33.95%	5.62%	20.68%	20.23%	39.50%
Capital Expenditure - 5 Yr	23.42%	22.43%	20.99%	47.12%	42.18%
Research & Development	6.97%	42.09%	(14.71%)	133.63%	54.12%
Research & Development - 5 Yr	36.09%	42.68%	37.63%	49.98%	36.24%
Stock Performance					
Price Close	67.6	59.1	55.7	55.3	46.2
% Change	14.31%	6.21%	0.72%	19.63%	(19.68%)
Total Return	14.31%	6.21%	0.72%	19.63%	(19.68%)