Nestlé

Good Food, Good Life

Acquisition Report

The Hain Celestial Group

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Group information

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Executive Summary

Nestlé Corporation considers itself the world's foremost nutrition, health, and wellness company. For 108 years Nestlé has been striving to achieve a set of core principles embodied in the phrase "Good Food, Good Life." Nestlé, having identified itself as having an "unmatched product and brand portfolio" and focus on "nutrition health and wellness" as a primary growth driver, would continue building both aspects of their brand through the acquisition of The Hain Celestial Group (Hain). We have identified three primary synergies that leverage the immense resources at Nestlé's disposal to provide value to Hain.
It is estimated Nestlé would realize a 32% return on investment over 10 years in the purchase of Hain for 13 billion US dollars (Appendix H).

Hain has been identified as having convergent organizational mission, vision, and culture drivers with Nestlé. A buyout of the Hain would add to Nestlé a product line consisting of high quality organic and all natural products that conflict in only four overlapping products. Nestlé's access to resources and distribution channels along with its global networks would provide Hain with the strength and buying power needed to continue growing into new markets.

Strategic & Cultural Fit

Nestlé developed the Nestlé Institute of Health Sciences and only budgets 2% on R&D, yet they are trying to develop tastier, healthier options. Hain's established brands and snacks could enable Nestlé to further develop their goods rather than starting from the beginning in development. Nestlé's foods, for the most part, are highly processed. With Hain, they could offer more natural snacks. Nestlé's motto is "Good food. Good life." This does not seem to fit with their product line, so Hain would better align Nestlé with their vision. Also, Hain's motto is "Building tomorrow's brands." By joining the Nestlé Empire, Hain will achieve their motto. This would create a certain amount of efficiency, because Nestlé would have established, reputable healthy brands with loyal customers, all the while, Nestlé would not be wasting those dollars on R&D for new products without a following.

Nestlé will enable more cost-effective production and distribution of Hain's goods. With Nestlé's factories around the world, it is proposed; Hain could gradually decrease outsourcing and increase insourcing to rely more on internal capital rather than contracts with producers. Hain distributes via a third party that sells to grocery stores, whereas Nestlé sells directly to grocery stores. By removing this extra step, we will capture more profits.

By acquiring Hain, Nestlé would reach a larger customer base. It would gain a new sect of customers, because very few of Nestlé's snacks are organic or all-natural. Those buying Hot Pockets are typically not the same people that are buying Earth's Best organic goods.

There seems to be little overlap in the products each company offers. Nestlé is able to expand its production line, because Hain's products are much more holistic, natural, and green than Nestlé's.

Hain's culture is very open. The CEO does not close any meetings; employees are free to drop in and add their feedback whenever they want. Nestlé and Hain are both committed to having employees gain as much experience in other departments and areas as they want. Hain is a small company, so Nestlé's culture would be the predominant culture, but on the whole, they both seem to align.

Hain would be able to get placed in supermarkets and/or stores in which they were unable to in the past and vice versa as a result of Nestlé's clout and relationships with grocery stores and sellers worldwide.

With the sizeable marketing budget of Nestlé, Hain's products can be easily advertised, and by doing so, they may gain a larger customer base than they currently enjoy.

Value Enhancement Strategies

Based on our analysis of Nestlé and Hain we have identified a number of synergies that leverage Nestlé's resources to provide value enhancement to Hain.

- The first strategy utilizes Nestlé's in-house distribution power and connection with retailers, to change Hain's sales and distribution strategy. Currently, the majority of Hain's sales are to independent food distributors, they buy food from Hain below wholesale price and then sell to what ever retailers they want. As proposed by the merger, changing Hain's distribution model will increase Hain's gross margins getting them the wholesale price instead of the current partial price they are getting. Hain has likely not implemented a strategy like this yet because they would have to develop a distribution network, something that Nestlé already has. Further, independent distributors provide guaranteed sales because once they purchase Hain's food it is their responsibility to find a retailer that will pay for it.

- The second strategy will further leverage Nestlé's large retail power by affording Hain more shelf space in more markets. There is a correlation between shelf space and sales in grocery stores. Nestle will help provide access to shelf space through their already strong relationships with national retailers and helping Hain negotiate better slotting fees. Slotting fees are fees retailers charge for the introduction of new products to help mitigate any losses. Slotting fees depending on the product can range from $1,000- $25,000 per product per grocery chain. In retail stores that do not already carry Hain products the fees will be towards the high end of the range due to the "untested" nature of Hain's products within its own stores. In stores that do carry Hain they will likely be lower and simply a way to get more shelf space. Overall, we feel these charges will negligible because of the good track record of the majority of Hain's products.

- The third value enhancement strategy is to speed up the process of Hain's in-house production. Every year Hain has been investing in itself to reduce the amount of contracted food production they use and produce the products themselves. Currently Hain is operating at 48% in house production. strategy would be to continually invest Hain until that number is 100% in-house. While money will have to be spent to build the production capacity necessary, over the long term this will help reduce Cost-of-Goods-Sold and further increase Hain's profit margins.

The result of the strategies combined is estimated to enhance the value of Hain by $10.7 B, from $2.23 B to $13 B (Appendix C). Other opportunities exist to realize even greater value from the synergies created by acquiring Hain. However, the discussed opportunities have been identified as primary and core to the success of the acquisition.

Post Acquisition Value of Hain

A discount cash flow (DCF) of Hain's projected sales under the management of Nestlé was run and Hain has been valued at $13 billion USD. We feel our model creates an accurate depiction of what would happen if Nestlé acquires Hain and implements our recommended strategies (Appendix E). Further, we decided to offer slightly over what our DCF projected in order to beat-out other competition, but not high enough to make the acquisition unprofitable.

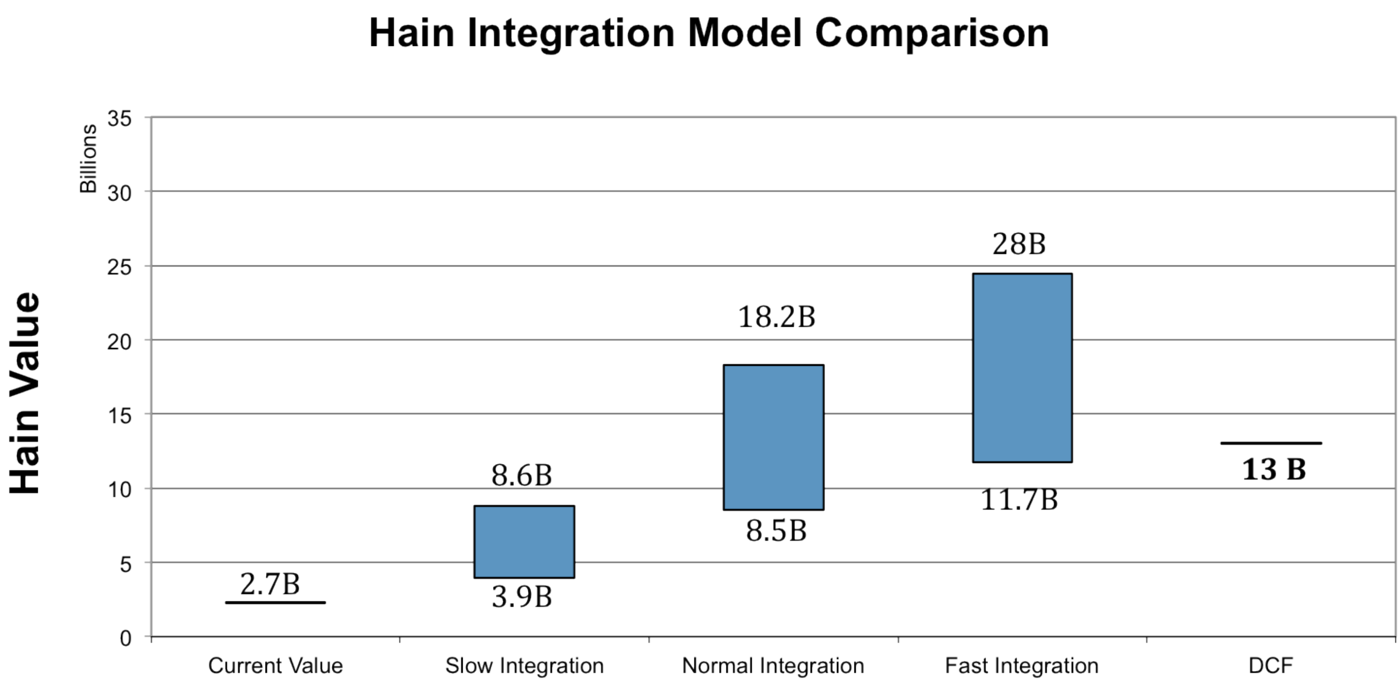
Strategy to Convince Hain to Accept Offer

Nestlé's strategy to convince Hain to accept their offer should be to illustrate all the benefits Hain will gain from the acquisition. Hain currently aligns with Nestlé's roadmap and vision of becoming well known in the health, nutrition, and wellness industry. The acquisition fits culturally and strategically in a way that will allow a seamless transition for both companies. By implementing value-enhancing strategies, Nestlé will increase the worth of Hain by a significant margin.

The benefits Hain will obtain include an opportunity to expand their products into global markets. Currently, there is very little product competition or overlap between Hain and Nestlé. Bringing Hain's products under Nestlé's name will expand their customer base and marketing reach. Value enhancement strategies include a reduction in outsourcing for Hain and an increase in direct sales. Nestlé will eliminate the barrier of entries that small companies face to get the best shelf space in large stores. Hain will also benefit from the Nestlé's R&D centers and Nestlé Institute of Health Science.

After the acquisition, Nestlé plans to keep Hain's management and current employees on board. Furthermore, Nestlé has no plans to shut down Hain's R&D centers or factories. To make the acquisition more enticing, Nestlé plans to offer Hain a package, which consists of a combination of 1.5 billion cash, debt at 3.5% interest, and $290M in shares to the board.

Appendix A: Hain Integration Model Comparison



Appendix B: Value Added to Hain Inside Nestle

Hain Normal Integration Post Acquisiton

	2010	2011	2012	2013	2014	2015	2016	2017
Net Sales	**890,007**	**1,108,546**	**1,378,247**	**1,680,083**	**1,958,473**	**2,178,801**	**2,369,228**	**2,516,831**
COGS	641,249	788,709	995,777	1,171,018	1,365,056	1,518,624	1,651,352	1,754,231
Distribution	-	-	-	106,432	124,068	138,026	150,089	159,440
SG&A	165,918	208,610	237,595	294,015	342,733	381,290	414,615	440,445
Operating Income(EBITDA)	**82,840**	**111,227**	**144,875**	**108,618**	**126,616**	**140,861**	**153,172**	**162,715**
Interest Expense	11,797	12,247	17,300	17,819	18,354	18,904	19,471	20,055
Tax Expense	28,362	37,808	41,154	29,964	35,727	40,246	44,121	47,077
Net Income	**42,681**	**61,172**	**86,421**	**60,836**	**72,536**	**81,711**	**89,579**	**95,582**
Company Value (multiplier)				1,422,900	1,658,674	1,845,275	2,006,552	2,131,560
Growth Rate				1.219	1.1657	1.1125	1.0874	1.0623

Hain Normal Integration Post Acquisiton: Lower than Projected Sales

	2010	2011	2012	2013	2014	2015	2016	2017
Net Sales	**890,007**	**1,108,546**	**1,378,247**	**1,812,567**	**2,527,851**	**3,693,033**	**5,746,728**	**9,453,296**
COGS	641,249	788,709	995,777	1,286,100	1,793,627	2,620,377	4,077,568	6,707,549
Distribution	-	-	-	116,892	163,020	238,163	370,605	609,641
SG&A	165,918	208,610	237,595	317,199	442,374	646,281	1,005,677	1,654,327
Operating Income(EBITDA)	**82,840**	**111,227**	**144,875**	**92,376**	**128,830**	**188,213**	**292,878**	**481,780**
Interest Expense	11,797	12,247	17,300	17,819	18,354	18,904	19,471	20,055
Tax Expense	28,362	37,808	41,154	24,604	36,457	55,872	90,224	152,369
Net Income	**42,681**	**61,172**	**86,421**	**49,953**	**74,019**	**113,437**	**183,182**	**309,356**
Company Value				1,210,127	1,687,674	2,465,586	3,836,699	6,311,322
Growth Rate				1.169	1.1157	1.0625	1.0374	1.0123

Hain Normal Integration Post Acquisition: Higher than Projected Sales

	2010	2011	2012	2013	2014	2015	2016	2017
Net Sales	**890,007**	**1,108,546**	**1,378,247**	**1,967,620**	**2,990,044**	**4,779,399**	**8,154,133**	**14,738,493**
COGS	641,249	788,709	995,777	1,396,117	2,121,574	3,391,203	5,785,732	10,457,639
Distribution	-	-	-	12,565	38,188	91,562	208,286	470,594
SG&A	165,918	208,610	237,595	344,333	523,258	836,395	1,426,973	2,579,236
Operating Income(EBITDA)	**82,840**	**111,227**	**144,875**	**214,605**	**307,024**	**460,238**	**733,141**	**1,231,024**
Interest Expense	11,797	12,247	17,300	17,819	18,354	18,904	19,471	20,055
Tax Expense	28,362	37,808	41,154	64,939	95,261	145,640	235,511	399,620
Net Income	**42,681**	**61,172**	**86,421**	**131,846**	**193,409**	**295,694**	**478,159**	**811,349**
Company Value				2,811,319	4,022,018	6,029,121	9,604,145	16,126,417
Growth Rate				1.269	1.2157	1.1625	1.1374	1.1123

Production For Normal Models								
Outsource	62%	56%	52%	49%	46%	43%	40%	37%
Insource	38%	44%	48%	51%	54%	57%	60%	63%

Appendix C: Hain Normal Distribution Integration

Hain Normal Integration Post Acquisiton

	2010	2011	2012	2013	2014	2015	2016	2017
Net Sales	**890,007**	**1,108,546**	**1,378,247**	**1,890,093**	**2,754,102**	**4,212,916**	**6,871,687**	**11,862,165**
COGS	641,249	788,709	995,777	1,293,682	1,885,056	2,883,547	4,703,354	8,119,106
Distribution	-	-	-	17,179	50,063	114,872	249,824	539,069
SG&A	165,918	208,610	237,595	330,766	481,968	737,260	1,202,545	2,075,879
Operating Income(EBITDA)	**82,840**	**111,227**	**144,875**	**248,466**	**337,015**	**477,237**	**715,965**	**1,128,111**
Interest Expense	11,797	12,247	17,300	17,819	18,354	18,904	19,471	20,055
Tax Expense	28,362	37,808	41,154	76,114	105,158	151,250	229,843	365,658
Net Income	**42,681**	**61,172**	**86,421**	**154,534**	**213,503**	**307,083**	**466,651**	**742,397**
Company Value (multiplier)				3,254,908	4,414,893	6,251,798	9,379,136	14,778,257
Growth Rate				1.219	1.1657	1.1125	1.0874	1.0623

Hain Normal Integration Post Acquisiton: Lower than Projected Sales

	2010	2011	2012	2013	2014	2015	2016	2017
Net Sales	**890,007**	**1,108,546**	**1,378,247**	**1,812,567**	**2,527,851**	**3,693,033**	**5,746,728**	**9,453,296**
COGS	641,249	788,709	995,777	1,240,619	1,730,198	2,527,711	3,933,371	6,470,347
Distribution	-	-	-	112,758	157,256	229,740	357,499	588,082
SG&A	165,918	208,610	237,595	317,199	442,374	646,281	1,005,677	1,654,327
Operating Income(EBITDA)	**82,840**	**111,227**	**144,875**	**141,991**	**198,024**	**289,301**	**450,181**	**740,541**
Interest Expense	11,797	12,247	17,300	17,819	18,354	18,904	19,471	20,055
Tax Expense	28,362	37,808	41,154	40,977	59,291	89,231	142,134	237,760
Net Income	**42,681**	**61,172**	**86,421**	**83,195**	**120,379**	**181,166**	**288,575**	**482,726**
Company Value				1,860,079	2,594,113	3,789,837	5,897,365	9,701,092
Growth Rate				1.169	1.1157	1.0625	1.0374	1.0123

Hain Normal Integration Post Acquisition: Higher than Projected Sales

	2010	2011	2012	2013	2014	2015	2016	2017
Net Sales	**890,007**	**1,108,546**	**1,378,247**	**1,967,620**	**2,990,044**	**4,779,399**	**8,154,133**	**14,738,493**
COGS	641,249	788,709	995,777	1,346,745	2,046,548	3,271,279	5,581,129	10,087,820
Distribution	-	-	-	12,121	36,838	88,325	200,921	453,952
SG&A	165,918	208,610	237,595	344,333	523,258	836,395	1,426,973	2,579,236
Operating Income(EBITDA)	**82,840**	**111,227**	**144,875**	**264,420**	**383,401**	**583,401**	**945,110**	**1,617,484**
Interest Expense	11,797	12,247	17,300	17,819	18,354	18,904	19,471	20,055
Tax Expense	28,362	37,808	41,154	81,378	120,466	186,284	305,461	527,152
Net Income	**42,681**	**61,172**	**86,421**	**165,223**	**244,582**	**378,213**	**620,178**	**1,070,277**
Company Value				3,463,907	5,022,552	7,642,552	12,380,942	21,189,044
Growth Rate				1.269	1.2157	1.1625	1.1374	1.1123

Production For Normal Models								
Outsource	62%	56%	52%	49%	46%	43%	40%	37%
Insource	38%	44%	48%	51%	54%	57%	60%	63%

Appendix D: Hain Slow Distribution Integration

Hain Slow Disribution Integration Post Acquisiton: Normal Sales

	2010	2011	2012	2013	2014	2015	2016	2017
Net Sales	**890,007**	**1,108,546**	**1,378,247**	**1,785,088**	**2,340,987**	**3,092,663**	**4,203,703**	**5,861,091**
COGS	641,249	788,709	995,777	1,236,741	1,621,878	2,142,653	2,912,401	4,060,670
Distribution	-	-	-	16,224	42,554	84,326	152,828	266,354
SG&A	165,918	208,610	237,595	312,390	409,673	541,216	735,648	1,025,691
Operating Income(EBITDA)	**82,840**	**111,227**	**144,875**	**219,732**	**266,882**	**324,468**	**402,826**	**508,377**
Interest Expense	11,797	12,247	17,300	17,819	18,354	18,904	19,471	20,055
Tax Expense	28,362	37,808	41,154	66,631	82,015	100,836	126,507	161,146
Net Income	**42,681**	**61,172**	**86,421**	**135,282**	**166,514**	**204,728**	**256,848**	**327,176**
Company Value (multiplier)				2,878,490	3,496,161	4,250,530	5,277,023	6,659,741
Growth Rate				1.219	1.1657	1.1125	1.0874	1.0623

Hain Slow Distribution Integration Post Acquisiton: Lower than Projected Sales

	2010	2011	2012	2013	2014	2015	2016	2017
Net Sales	**890,007**	**1,108,546**	**1,378,247**	**1,711,869**	**2,148,674**	**2,711,022**	**3,515,518**	**4,670,870**
COGS	641,249	788,709	995,777	1,186,014	1,488,640	1,878,245	2,435,614	3,236,063
Distribution	-	-	-	107,795	135,301	170,711	221,370	294,122
SG&A	165,918	208,610	237,595	299,577	376,018	474,429	615,216	817,402
Operating Income(EBITDA)	**82,840**	**111,227**	**144,875**	**118,483**	**148,715**	**187,637**	**243,318**	**323,283**
Interest Expense	11,797	12,247	17,300	17,819	18,354	18,904	19,471	20,055
Tax Expense	28,362	37,808	41,154	33,219	43,019	55,682	73,870	100,065
Net Income	**42,681**	**61,172**	**86,421**	**67,445**	**87,342**	**113,051**	**149,977**	**203,163**
Company Value				1,552,127	1,948,172	2,458,045	3,187,470	4,235,011
Growth Rate				1.169	1.1157	1.0625	1.0374	1.0123

Hain Slow Distribution Integration Post Acquisition: Higher than Projected Sales

	2010	2011	2012	2013	2014	2015	2016	2017
Net Sales	**890,007**	**1,108,546**	**1,378,247**	**1,858,308**	**2,541,538**	**3,508,513**	**4,988,229**	**7,282,284**
COGS	641,249	788,709	995,777	1,287,469	1,760,823	2,430,761	3,455,935	5,045,298
Distribution	-	-	-	11,587	31,695	65,631	124,414	227,038
SG&A	165,918	208,610	237,595	325,204	444,769	613,990	872,940	1,274,400
Operating Income(EBITDA)	**82,840**	**111,227**	**144,875**	**234,048**	**304,251**	**398,132**	**534,940**	**735,548**
Interest Expense	11,797	12,247	17,300	17,819	18,354	18,904	19,471	20,055
Tax Expense	28,362	37,808	41,154	71,355	94,346	125,145	170,105	236,113
Net Income	**42,681**	**61,172**	**86,421**	**144,873**	**191,551**	**254,082**	**345,364**	**479,380**
Company Value				3,066,024	3,985,684	5,215,526	7,007,719	9,635,685
Growth Rate				1.269	1.2157	1.1625	1.1374	1.1123

Production For Slow Models								
Outsource	62%	56%	52%	51%	50%	49%	48%	47%
Insource	38%	44%	48%	49%	50%	51%	52%	53%

Appendix E: Hain Fast Distribution Integration

Hain Fast Integration Post Acquisiton	2010	2011	2012	2013	2014	2015	2016	2017
Net Sales	**890,007**	**1,108,546**	**1,378,247**	**1,995,099**	**3,052,464**	**4,881,557**	**8,294,070**	**14,868,210**
COGS	641,249	788,709	995,777	1,348,866	2,063,740	3,300,372	5,607,538	10,052,248
Distribution	-	-	-	18,133	55,487	133,104	301,535	675,676
SG&A	165,918	208,610	237,595	349,142	534,181	854,272	1,451,462	2,601,937
Operating Income(EBITDA)	**82,840**	**111,227**	**144,875**	**278,957**	**399,055**	**593,809**	**933,535**	**1,538,349**
Interest Expense	11,797	12,247	17,300	17,819	18,354	18,904	19,471	20,055
Tax Expense	28,362	37,808	41,154	86,176	125,632	189,719	301,641	501,037
Net Income	**42,681**	**61,172**	**86,421**	**174,962**	**255,070**	**385,186**	**612,423**	**1,017,257**
Company Value (multiplier)				3,654,336	5,227,626	7,778,899	12,229,308	20,152,368
Growth Rate				1.219	1.1657	1.1125	1.0874	1.0623

Hain Fast Integration Post Acquisiton: Lower than Projected Sales	2010	2011	2012	2013	2014	2015	2016	2017
Net Sales	**890,007**	**1,108,546**	**1,378,247**	**1,913,265**	**2,801,702**	**4,279,162**	**6,936,254**	**11,848,899**
COGS	641,249	788,709	995,777	1,293,540	1,894,203	2,893,099	4,689,532	8,010,922
Distribution	-	-	-	117,568	172,162	262,950	426,226	728,103
SG&A	165,918	208,610	237,595	334,821	490,298	748,853	1,213,844	2,073,557
Operating Income(EBITDA)	**82,840**	**111,227**	**144,875**	**167,336**	**245,040**	**374,260**	**606,652**	**1,036,317**
Interest Expense	11,797	12,247	17,300	17,819	18,354	18,904	19,471	20,055
Tax Expense	28,362	37,808	41,154	49,341	74,806	117,267	193,770	335,366
Net Income	**42,681**	**61,172**	**86,421**	**100,176**	**151,880**	**238,088**	**393,411**	**680,895**
Company Value				2,192,104	3,210,021	4,902,805	7,947,141	13,575,753
Growth Rate				1.169	1.1157	1.0625	1.0374	1.0123

Hain Fast Integration Post Acquisition: Higher than Projected Sales	2010	2011	2012	2013	2014	2015	2016	2017
Net Sales	**890,007**	**1,108,546**	**1,378,247**	**2,076,932**	**3,313,966**	**5,537,948**	**9,841,971**	**18,473,441**
COGS	641,249	788,709	995,777	1,404,193	2,240,539	3,744,151	6,654,058	12,489,709
Distribution	-	-	-	12,638	40,330	101,092	239,546	562,037
SG&A	165,918	208,610	237,595	363,463	579,944	969,141	1,722,345	3,232,852
Operating Income(EBITDA)	**82,840**	**111,227**	**144,875**	**296,638**	**453,153**	**723,564**	**1,226,022**	**2,188,843**
Interest Expense	11,797	12,247	17,300	17,819	18,354	18,904	19,471	20,055
Tax Expense	28,362	37,808	41,154	92,010	143,484	232,538	398,162	715,700
Net Income	**42,681**	**61,172**	**86,421**	**186,809**	**291,316**	**472,122**	**808,389**	**1,453,088**
Company Value				3,885,961	5,936,304	9,478,684	16,060,886	28,673,847
Growth Rate				1.269	1.2157	1.1625	1.1374	1.1123

Production For Fast Models								
Outsource	62%	56%	52%	47%	42%	37%	32%	27%
Insource	38%	44%	48%	53%	58%	63%	68%	73%

Appendix F: Value Added DCF Comparison of Strategies

Strategies	Difference Over No Strategies
No Strategies	$2,227,213
Direct Sales & New Markets	
Fast Integration	
Slow Sales	$9,526,824
Normal Sales	$15,263,926
Fast Sales	$22,236,211
Normal Integration	
Slow Sales	$6,283,461
Normal Sales	$10,773,055
Fast Sales	$16,039,181
Slow Integration	
Slow Sales	$1,758,537
Normal Sales	$4,055,039
Fast Sales	$6,557,872

Appendix G: Discount Cash Flow of Suggested Offer

	2012	2013	2014	2015	2016	2017
	0	1	2	3	4	5
Operating Income(EBITDA)	$ 144,875	$ 248,466	$ 337,015	$ 477,237	$ 715,965	$ 1,128,111
Terminal Value						$ 15,668,211
Total Cash Flow	$ 144,875	$ 248,466	$ 337,015	$ 477,237	$ 715,965	$ 16,796,323
PVIF	1.00	0.93	0.86	0.79	0.74	0.68
PV	$ 144,875	$ 230,061	$ 288,936	$ 378,846	$ 526,255	$ 11,431,295
DCF	$ 13,000,268					
WACC	0.072					

Appendix H: ROI/Payback Analysis

	Year	2013	2014	2015	2016	2017
Loan Information	n	0	1	2	3	4
	Cash Payment	$ 2,500,000				
	Remaining Principal of Loan	$ 10,210,000	$ 9,459,840	$ 8,670,610	$ 7,839,174	$ 6,959,207
	Additional Principal Payment	$ -	$ 750,160	$ 789,230	$ 831,436	$ 879,967
	Interest Payment		$ 408,400	$ 378,394	$ 346,824	$ 313,567
	Shares	$ 290,000				
	Loan Payments	$ (2,790,000)	$ (1,158,560)	$ (789,230)	$ (831,436)	$ (879,967)
	PVIF	1	0.93283582090	0.87018266875	0.81173756413	0.75721787699
	Disc. Value of Payment	$ (2,790,000)	$ (1,080,746)	$ (686,774)	$ (674,908)	$ (666,327)
	Total Cost of Loan	$ 9,874,513				
Cash Flow Information	Hain EBITDA	$ 248,466	$ 337,015	$ 477,237	$ 715,965	$ 1,128,111
	Nestle EBITDA	$ 13,998,930	$ 14,666,189	$ 15,307,361	$ 15,912,750	$ 16,471,225
	Total EBITDA	$ 14,247,396	$ 15,003,204	$ 15,784,598	$ 16,628,715	$ 17,599,336
	Breakeven Balance	$ 9,626,046	$ 9,289,032	$ 8,811,795	$ 8,095,831	$ 6,967,719

Year	2018	2019	2020	2021	2022	2023	2024	2025
n	5	6	7	8	9	10	11	12
Cash Payment								
Remaining Principal of Loan	$ 6,051,479	$ 5,119,558	$ 4,167,832	$ 3,201,622	$ 2,227,305	$ 1,252,456	$ 285,999	$ -
Additional Principal Payment	$ 907,728	$ 931,921	$ 951,726	$ 966,210	$ 974,316	$ 974,849	$ 966,457	$ 285,999
Interest Payment	$ 278,368	$ 242,059	$ 204,782	$ 166,713	$ 128,065	$ 89,092	$ 50,098	$ 11,440
Shares								
Loan Payments	$ (907,728)	$ (931,921)	$ (951,726)	$ (966,210)	$ (974,316)	$ (974,849)	$ (966,457)	$ (285,999)
PVIF	0.70635995987	0.65891787302	0.61466219498	0.57337891323	0.53486838920	0.49894439291	0.46543320235	##########
Disc. Value of Payment	$ (641,183)	$ (614,060)	$ (584,990)	$ (554,004)	$ (521,131)	$ (486,396)	$ (449,821)	$ (124,173)
Total Cost of Loan								
Hain EBITDA	$ 1,184,517	$ 1,243,743	$ 1,305,930	$ 1,371,226	$ 1,439,788	$ 1,511,777	$ 1,587,366	$ 1,666,734
Nestle EBITDA	$ 16,970,049	$ 17,394,686	$ 17,728,591	$ 17,952,975	$ 18,046,542	$ 17,985,206	$ 17,741,768	$17,285,561
Total EBITDA	$ 18,154,566	$ 18,638,429	$ 19,034,521	$ 19,324,201	$ 19,486,330	$ 19,496,983	$ 19,329,134	$18,952,295
Breakeven Balance	$ 5,783,203	$ 4,539,460	$ 3,233,530	$ 1,862,304	$ 422,516	$ (1,089,261)		

Assumption

Interest Rate	0.04
WACC	0.072

Final Metrics	ROI	32%
	Breakeven	9-10 year

Our analysis of the loan needed to pay for Hain, paying off the principal at 5% of total EBITDA, has shown we will have an ROI of 32%, a discounted payback period between 9-10 years, and a discounted total cost of $9.87 B. Based off of this data we would recommend moving forward with our offer of $13 B to purchase Hain. The loan's interest rate was based off of a 3.5% LIBOR rate, creating an interest rate of 4%.

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