Monsanto

Upside Potential: 35%

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Cost of Equity Calculation	
10 Year Risk-Free Rate	4.46%
Beta	0.80
Total Equity Risk Premium	5.50%
Cost of Equity	8.86%
Cost of Equity (Terminal)	9.96%
Default Spread	1.00%
pre tax cost of debt	5.46%
Effective tax rate	30.00%
after tax cost of debt	3.82%
WACC	8.51%
Terminal WACC	9.53%

Current Share Price	$ 74.06
Shares Outstanding	268
Debt	1486
Equity	19884
D/E	7%

						HyperGrowth Stage					Transition Stage		
$ in millions	2001	2002	2003	2004	2005	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E
Total Revenues	5333	4940	4936	5457	6294	7920	9871	11950	14675	18777	21957	23892	26016
Revenue Growth Rate		-7.4%	-0.1%	10.6%	15.3%	25.8%	24.6%	21.1%	22.8%	28.0%	16.9%	8.8%	8.9%
Agricultural Productivity	3829	3380	3031	3180	3042	3,042	3,042	3,072	3,134	3,197	3,260	3,326	3,392
growth rate		-11.7%	-10.3%	4.9%	-4.3%	0%	0%	1%	2%	2%	2%	2%	2%
Seeds & Genomics	1504	1560	1905	2277	3252	4,878	6,829	8,878	11,541	15,581	18,697	20,567	22,623
growth rate		3.7%	22.1%	19.5%	42.8%	50%	40%	30%	30%	35%	20%	10%	10%
COGS	2766	2695	2631	2890	3316	4118	5133	6214	7631	9764	11418	12424	13528
% of sales	51.9%	54.6%	53.3%	53.0%	52.7%	52.0%	52.0%	52.0%	52.0%	52.0%	52.0%	52.0%	52.0%
SG&A	1166	1047	1045	1145	1338	1663	2073	2510	3082	3943	4611	5017	5463
% of sales	22%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%
R&D	560	546	510	511	601	792	987	1195	1468	1878	2196	2389	2602
% of sales	10.5%	11.1%	10.3%	9.4%	9.5%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
EBIT	554	137	633	686	888	1346	1678	2032	2495	3192	3733	4062	4423
Operating Margin	10%	3%	13%	13%	14%	17%	17%	17%	17%	17%	17%	17%	17%
Interest Expense	67	54	69	67	82	79	99	120	147	188	220	239	260
% of sales	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Tax Expense	26	38	215	184	241	380	474	574	704	901	1,054	1,147	1,249
Tax Rate	5%	46%	38%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Net Income	461	45	349	435	566	887.0	1105.6	1338.4	1643.6	2103.1	2459.2	2675.9	2913.7
Depreciation and Amortization		460		452	488	396.0	493.6	597.5	733.8	938.9	1097.9	1194.6	1300.8
% of Capex		179%		215%	174%	100%	100%	100%	100%	100%	100%	100%	100%
CAPEX	409	257	206	210	281	396.00	493.56	597.52	733.76	938.87	1097.87	1194.62	1300.78
% of sales	8%	5%	4%	4%	4%	5%	5%	5%	5%	5%	5%	5%	5%
NWC				2,510	2,895	3,643	4,541	5,497	6,751	8,638	10,100	10,990	11,967
% Sales				46%	46%	46%	46%	46%	46%	46%	46%	46%	46%
Change in NWC					385	748	898	956	1,253	1,887	1,463	890	977
Change in NWC/Change in Sales					6%	9%	9%	8%	9%	10%	7%	4%	4%
FCFE	52	248	143	677	388	139	208	382	390	216	996	1786	1937
Discount Factor						0.92	0.85	0.78	0.72	0.66	0.61	0.56	0.52
PV of FCFE						128	177	299	281	144	610	1008	1008

FCFE	5950
Terminal Value	20961
PV of Firm	26911
Diluted Shares Outstanding	270
Intrinsic Value	$ 99.71