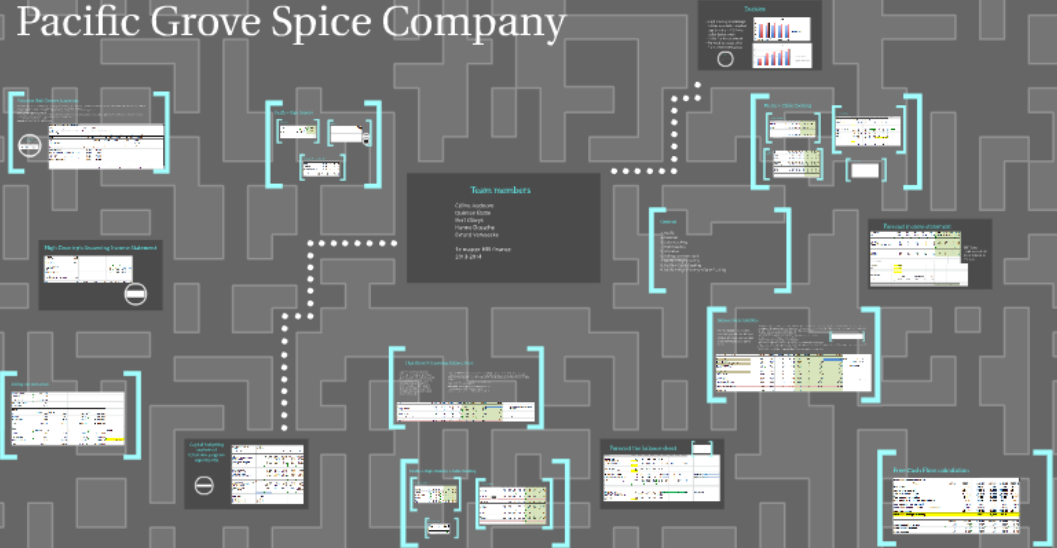


# Pacific Grove Spice Company



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**Team members**  
Céline Audoere  
Quinten Botte  
Bert Claeys  
Hanne Dossche  
Eward Vervaecke  
  
1e master HIR finance  
2013-2014

**Value of High Country Seasoning**

Year	Value
2013	1000
2014	1000
2015	1000
2016	1000
2017	1000

**Pacific + High Country**

Year	Value
2013	1000
2014	1000
2015	1000
2016	1000
2017	1000



**Pacific + Cable Cooking**

Year	Value
2013	1500
2014	1500
2015	1500
2016	1500
2017	1500

**High Country's Seasoning Income Statement**

Year	Revenue	Cost of Sales	Gross Profit	Operating Expenses	Operating Income
2013	1000	500	500	200	300
2014	1000	500	500	200	300
2015	1000	500	500	200	300
2016	1000	500	500	200	300
2017	1000	500	500	200	300

- Content**
1. Pacific
  2. Decision
  3. Cable Cooking
  4. High Country
  5. Seasoning
  6. Selling commission
  7. Pacific + High Country
  8. Pacific + Cable Cooking
  9. Pacific + High Country + Cable Cooking

**Forecast income statement**

Year	Revenue	Cost of Sales	Gross Profit	Operating Expenses	Operating Income
2013	1500	750	750	300	450
2014	1500	750	750	300	450
2015	1500	750	750	300	450
2016	1500	750	750	300	450
2017	1500	750	750	300	450

**Setting common stock**

Year	Value
2013	1000
2014	1000
2015	1000
2016	1000
2017	1000

**High Country Seasoning Balance Sheet**

Year	Assets	Liabilities	Equity
2013	1000	500	500
2014	1000	500	500
2015	1000	500	500
2016	1000	500	500
2017	1000	500	500

**Balance Sheet - Pacific**

Year	Assets	Liabilities	Equity
2013	500	250	250
2014	500	250	250
2015	500	250	250
2016	500	250	250
2017	500	250	250

**Capital budgeting analysis of seasoning process opportunity**

Year	Value
2013	1000
2014	1000
2015	1000
2016	1000
2017	1000

**Forecast the balance sheet**

Year	Assets	Liabilities	Equity
2013	1500	750	750
2014	1500	750	750
2015	1500	750	750
2016	1500	750	750
2017	1500	750	750

**Pacific + High Country + Cable Cooking**

Year	Value
2013	2000
2014	2000
2015	2000
2016	2000
2017	2000

**Free Cash Flow calculation**

Year	Free Cash Flow
2013	450
2014	450
2015	450
2016	450
2017	450

# Team members

Céline Audoore

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Bert Claeys

Hanne Dossche

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1e master HIR finance

2013-2014

## Content

1. Pacific
2. Decision
3. Cable Cooking
4. High Country
5. Valuation
6. Selling common stock
7. Pacific + High Country
8. Pacific + Cable Cooking
9. Pacific + High Country + Cable Cooking

# Forecast income statement

Income Statement	06/30/07	06/30/08	06/30/09	06/30/10	06/30/11	06/30/12	06/30/13	06/30/14	06/30/15
Net Sales	\$46,180	\$53,107	\$57,887	\$68,017	\$80,940	\$93,081	\$105,182	\$116,751	\$127,259
Cost of Goods Sold	26,784	30,802	33,575	39,790	47,512	54,452	61,531	68,300	74,447
Gross Profit Margin	19,396	22,305	24,312	28,227	33,428	38,629	43,650	48,452	52,813
R&D Expense	0,739	0,850	0,926	1,088	1,295	1,489	1,683	1,868	2,036
SG&A Expense	14,916	17,260	18,871	21,902	26,063	29,321	33,132	36,777	40,087
Earnings Before Interest & Taxes (=EBIT)	3,741	4,195	4,515	5,237	6,070	7,819	8,835	9,807	10,690
Interest Expense	2,906	2,940	2,668	2,423	2,817	3,241	3,588	3,899	4,127
Earnings Before Income Taxes	0,835	1,255	1,847	2,814	3,253	4,578	5,247	5,908	6,563
Income Taxes	0,225	0,339	0,499	0,760	0,879	1,236	1,417	1,595	1,772
Net Income	0,610	0,916	1,348	2,054	2,374	3,342	3,830	4,313	4,791
Growth rate of sale		15,00%	9,00%	17,50%	19,00%	15,00%	13,00%	11,00%	9,00%
Price/Earnings Ratio					16,0				
Market Value of Equity					\$37,990				

EBIT/Sales stabilizes to 8.4% as mentioned in the text.

COGS/sales	58,50%								
R&D expense	1,60%								
SG&A expense	31,50%								
interest expense		prime =	0,0325	prime+ 5%=	0,0825				
tax rate	0,2695	0,2701	0,2702	0,2701	0,2702				
average tax rate	0,270								
EBIT/Sales	0,081	0,079	0,078	0,077	0,075	0,084	0,084	0,084	0,084 stabilize at 8,4%





# Decision

- High Country Seasonings: 14.535 mio dollar (implied equity value) > 13.2 mio dollar (sales price)
- Cable Cooking Network
- No need to accept offer from investment group

