THE OHIO STATE UNIVERSITY

COMPANY PRESENTATION - HEALTHCARE

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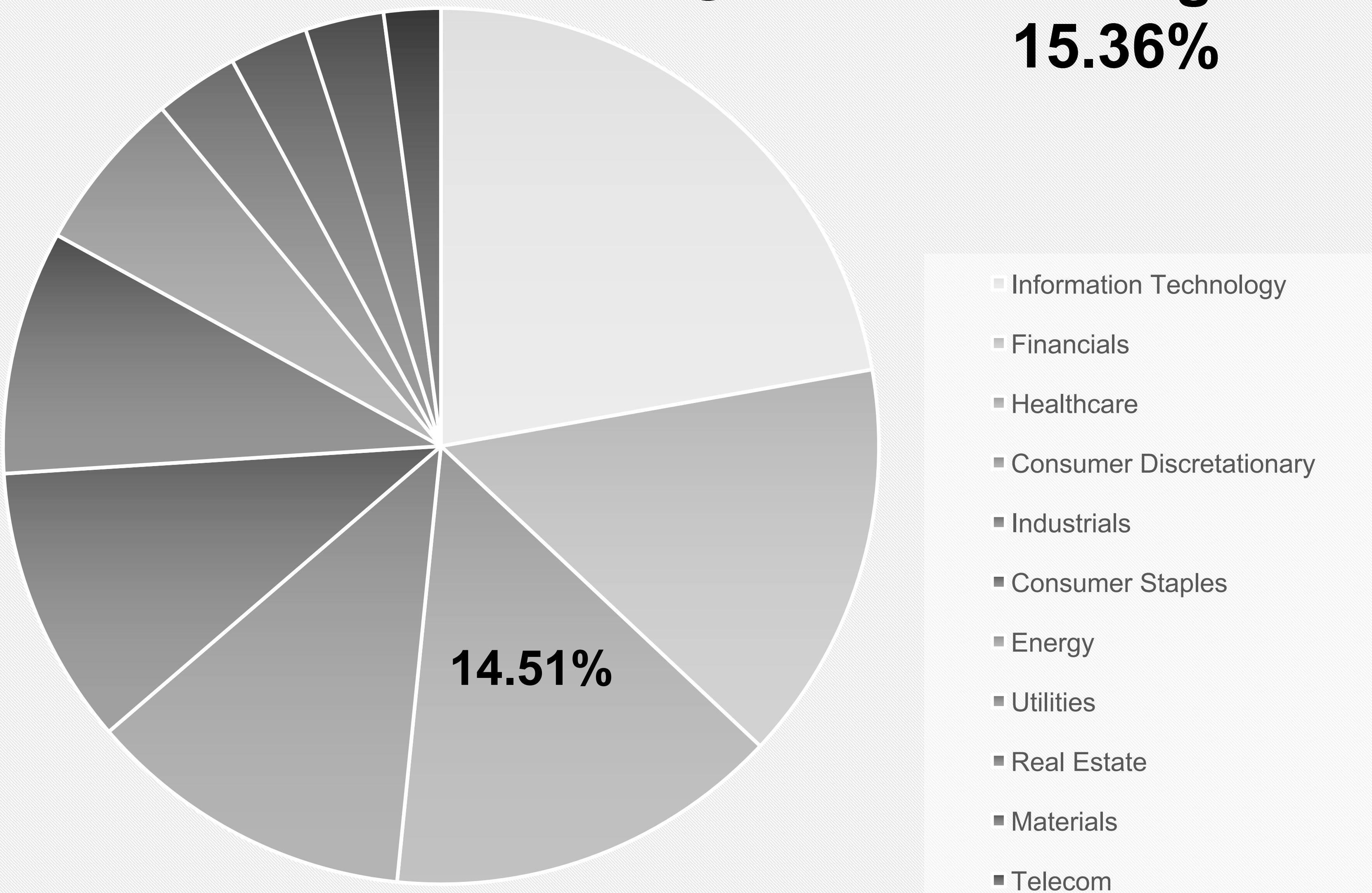
Agenda

- Overview
- Business Analysis
- Financial Analysis
- Valuation Analysis
- Company Analysis
- Recommendation

S&P 500 Sector Weight

SIM Weight: 15.36%



Source: SIM Portfolio Appraisal – June 2017

Recommendation

- SIM Portfolio is currently over weight compared to S&P at 15.36% of the total portfolio
- We recommend **OVERWEIGHTING** Healthcare to the maximum allowable amount of 15.51% of the portfolio

Company	Ticker	Current Price	Target Price	Upside / (Downside)	Recommendation	SIM Weight	Target Weight	Change
Gilead Sciences Inc	**GILD**	**$73.76**	**$130.81**	**77.35%**	**BUY**	**4.33%**	**4.79%**	**0.46%**
HCA Healthcare Inc	HCA	$85.73	$107.09	24.89%	HOLD	3.27%	3.50%	0.00%
McKesson Corp	MCK	$165.92	$201.37	20.60%	SELL	5.31%	5.00%	-0.31%
Medtronic PLC	MDT	$85.17	$104.12	22.25%	HOLD	2.45%	2.45%	0.00%
						15.36%	**15.51%**	**0.15%**

Industries

Industry	YTD	1 - Year	3 - Year	5 - Year
Health Care	*15.01%*	*8.66%*	*27.05%*	*110.17%*
Biotechnology	13.14%	10.10%	17.99%	177.83%
Health Care Equipment & Supplies	24.50%	14.72%	49.92%	123.41%
Health Care Providers & Services	17.00%	16.41%	52.58%	148.36%
Health Care Technology	38.78%	11.83%	25.58%	60.30%
Life Sciences Tools & Services	30.47%	25.85%	42.56%	169.30%
Pharmaceuticals	8.26%	-0.51%	13.66%	74.37%
S&P 500 ® Index	*8.32%*	*15.50%*	*22.15%*	*79.02%*

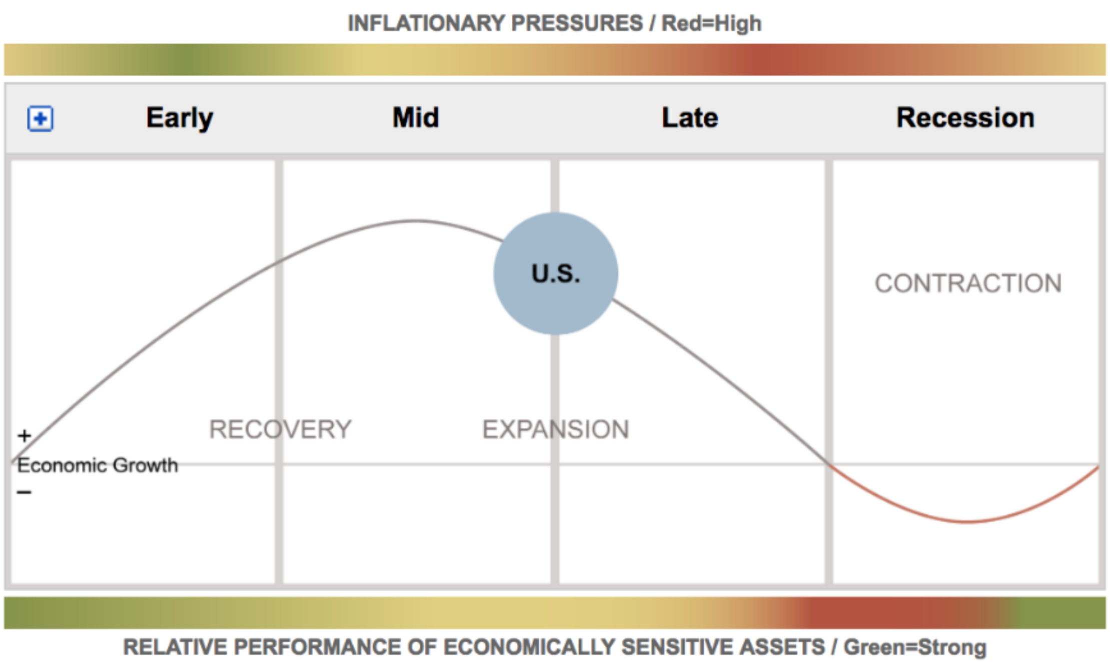
Source: Fidelity

Business Analysis

Sector Performance by Business Cycle Phase

Sector	Early	Mid	Late	Recession
Health Care	–		++	++

++ Consistently Overperform –– Consistently Underperform No Clear Pattern
\+ Overperform – Underperform



Source: Fidelity

<u>Overweight Healthcare</u>?

The market appears to be heading to the phases of the life cycle where healthcare really shines.

Business Analysis

	GILD	HCA	MCK	MDT
Overview	Biopharmaceutical – HIV, Liver Diseases & Cardiovascular	Locally managed hospitals & free standing surgery centers	Drug, medical product, and IT software/services distribution	Medical devices and medical technologies along with non invasive therapies
Business Drivers	R&D, Acquisitions & New Product Development	Demographics, Labor Costs & Healthcare Reform	Proprietary drug and equipment sales	Aging population, ACA, low tax rate
Risks	Exchange, Litigation & Pricing Risks	Leverage, Healthcare Reform & BREXIT	Generic costs; drug legislation; healthcare spending	Political uncertainty, foreign exchange rates, lawsuits from bad products
Operations Location	Operate in 30+ countries	Operate in 20 states and England	Global	Global
Market Cap	30.4 B	30.7 B	34.0 B	115.7 B

Source: Various

Financial Analysis

	GILD	HCA	MCK	MDT
Gross Profit Margin	86.17%	83.24%	5.70%	68.29%
Operating Profit Margin	57.55%	15.33%	3.80%	18.35%
Net Profit Margin	43.37%	8.12%	2.55%	12.27%
Return on Equity	74.69%	12.95% (Return on Investments)	14.91%	7.97%
Return on Assets	23.93%	10.21%	8.45%	4.08%

Source: Various

Valuation Analysis

	GILD	HCA	MCK	MDT
P/E	7.1	12.6	12.4	24.5
P/B	9.2	N/A	3.9	2.3
P/S	3.3	0.7	0.2	3.7
P/EBITDA	N/A	3.8	8.0	14.4

Source: Various

Gilead Sciences Inc (GILD)

Source: Scottrade

Gilead Sciences Inc (GILD)

GILD											
Analyst: Anthony Rogers			Terminal Discount Rate =	9.0%							
Date: 7/22/17			Terminal FCF Growth =	3.0%							
Year	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Revenue	28,871	27,427	26,056	26,837	27,642	28,472	29,326	30,206	31,112	32,045	33,006
% Growth		-5.0%	-5.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Operating Income	15,301	14,536	13,809	14,224	14,650	15,090	15,543	16,009	16,489	16,984	17,493
Operating Margin	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%
Interest	(433)	(411)	(391)	(403)	(415)	(427)	(440)	(453)	(467)	(481)	(495)
Interest % of Sales	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%
Taxes	3,420	3,249	3,086	3,364	3,465	3,569	3,676	3,786	3,900	4,017	4,137
Tax Rate	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
Non-Controlling NI	(29)	(27)	(26)	(27)	(28)	(28)	(29)	(30)	(31)	(32)	(33)
Interest % of Sales	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
Net Income	11,477	10,904	10,358	10,484	10,799	11,122	11,456	11,800	12,154	12,518	12,894
% Growth		-5.0%	-5.0%	1.2%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

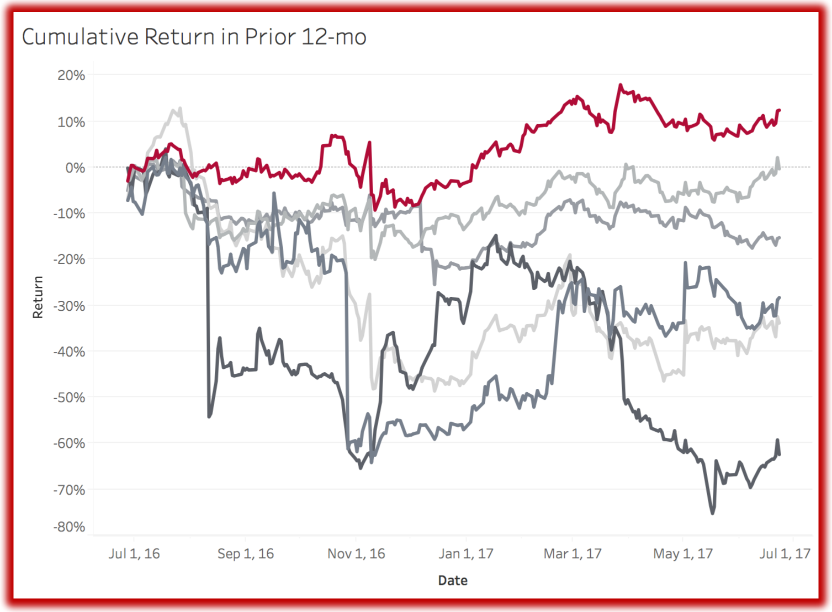
	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Add Depreciation/Amort	1,100	1,200	1,300	1,339	1,379	1,421	1,463	1,507	1,552	1,599	1,647
% of Sales	3.8%	4.4%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Plus/(minus) Changes WC	295	(700)	400	412	424	437	450	464	478	492	507
% of Sales	1.0%	-2.6%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Subtract Cap Ex	900	1,100	1,300	1,339	1,379	1,421	1,463	1,507	1,552	1,599	1,647
Capex % of sales	3.1%	4.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Free Cash Flow	11,972	10,304	10,758	10,896	11,223	11,560	11,906	12,264	12,631	13,010	13,401
% Growth		-13.9%	4.4%	1.3%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

NPV of Cash Flows	74,183	43%	
NPV of terminal value	97,174	57%	
Projected Equity Value	171,357	100%	
Free Cash Flow Yield	12.39%		
Current P/E	8.4	8.9	9.3
Projected P/E	*14.9*	*15.7*	*16.5*
Current EV/EBITDA	7.0	7.3	7.6
Projected EV/EBITDA	*11.6*	*12.0*	*12.5*
Shares Outstanding	1,310.0		
Current Price	$ 73.76		
Implied equity value/share	$ 130.81		
Upside/(Downside) to DCF	77.3%		
Debt	26,346		
Cash	8,229		
Cash/share	6.28		

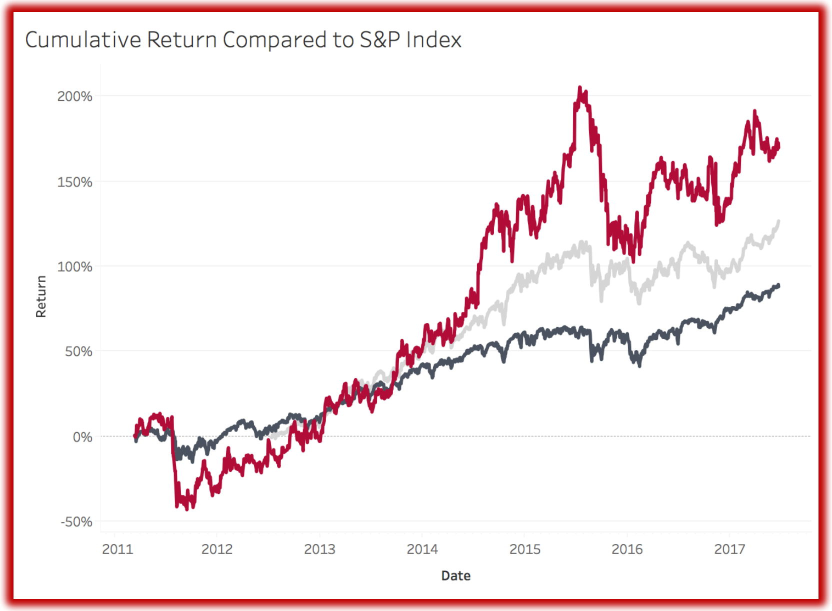
Terminal Value	230,045
Free Cash Yield	5.83%
Terminal P/E	17.8
Terminal EV/EBITDA	13.0

Source: Analyst

HCA Healthcare Inc (HCA)



Stock
- HCA
- CYH
- LPNT
- QHC
- THC
- UHS



Stock/Index
- HCA
- S&P 500
- S&P 500 Healthcare

Source: Various

HCA Healthcare Inc (HCA)

Company	Ticker	P/E TTM	P/S TTM	P/B	P/CF TTM	EV/ EBITDA TTM
Average	Average	16.23	0.24	1.09	5.56	8.21
HCA Healthcare	HCA	12.17	0.73	N/A	5.56	7.64
LifePoint Health	LPNT	16.23	0.39	1.09	5.72	7.32
Quorum Health	QHC	N/A	0.04	0.37	N/A	9.46
Community Health Systems	CYH	35.45	0.06	0.77	0.98	8.00
Tenet Healthcare	THC	52.66	0.09	4.03	2.88	8.43
Universal Health Services	UHS	16.18	1.16	2.42	8.79	9.04

Absolute Valuation	Current Multiple	Target Multiple	Tar/Cur (% of Current)	Target Price
P/E	11.73	16	36.40%	$117.63
P/S	0.6909	0.8	15.79%	$99.86
P/EBITDA	3.7695	4	6.11%	$91.51

Source: Bloomberg

HCA Healthcare Inc (HCA)

	High	Low	Median	Current
P/E	20.68	6.88	12.96	12.63
P/B	N/A	N/A	N/A	N/A
P/S	0.95	0.27	0.61	0.69
P/EBITDA	5.07	1.46	3.53	3.77

Source: Bloomberg

HCA Healthcare Inc (HCA)

HCA											
Analyst: Anthony Rogers			Terminal Discount Rate =			9.0%					
Date: 6/24/17			Terminal FCF Growth =			3.0%					
Year	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Revenue	40,245	42,258	44,370	45,702	47,073	48,485	49,939	51,438	52,981	54,570	56,207
% Growth		5.0%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Operating Income	7,284	7,099	6,877	7,084	7,296	7,515	7,741	7,973	8,212	8,458	8,712
Operating Margin	18.1%	16.8%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%
Interest	1,771	1,817	1,908	1,965	2,024	2,085	2,147	2,212	2,278	2,347	2,417
Interest % of Sales	4.4%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Taxes	1,654	1,585	1,491	1,536	1,582	1,629	1,678	1,728	1,780	1,834	1,889
Tax Rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Non-Controlling NI	523	549	577	594	612	630	649	669	689	709	731
Interest % of Sales	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Net Income	3,336	3,148	2,902	2,989	3,079	3,171	3,266	3,364	3,465	3,569	3,676
% Growth		-5.6%	-7.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Add Depreciation/Amort	1,570	1,690	1,730	1,782	1,836	1,891	1,948	2,006	2,066	2,128	2,192
% of Sales	3.9%	4.0%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
Plus/(minus) Changes WC	(289)	(450)	(450)	(464)	(477)	(492)	(506)	(522)	(537)	(553)	(570)
% of Sales	-0.7%	-1.1%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
Subtract Cap Ex	2,600	2,100	1,750	1,803	1,857	1,912	1,970	2,029	2,090	2,152	2,217
Capex % of sales	6.5%	5.0%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
Free Cash Flow	2,017	2,288	2,432	2,505	2,580	2,658	2,738	2,820	2,904	2,991	3,081
% Growth		13.5%	6.3%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

NPV of Cash Flows	16,948	43%	
NPV of terminal value	22,342	57%	
Projected Equity Value	39,290	100%	
Free Cash Flow Yield	6.41%		
Current P/E	9.4	10.0	10.8
Projected P/E	*11.8*	*12.5*	*13.5*
Current EV/EBITDA	7.0	7.1	7.2
Projected EV/EBITDA	*7.9*	*8.0*	*8.1*
Shares Outstanding	366.9		
Current Price	$ 85.73		
Implied equity value/share	$ 107.09		
Upside/(Downside) to DCF	24.9%		
Debt	31,520		
Cash	803		
Cash/share	2.19		

Terminal Value	**52,893**
Free Cash Yield	**5.83%**
Terminal P/E	**14.4**
Terminal EV/EBITDA	**7.7**

Source: Analyst

HCA Healthcare Inc (HCA)

Terminal Growth Rate	Discount Rate								
	8.00%	8.25%	8.50%	8.75%	9.00%	9.25%	9.50%	9.75%	10.00%
2.00%	$ 114.54	$ 109.87	$ 105.57	$ 101.58	$ 97.88	$ 94.44	$ 91.23	$ 88.22	$ 85.40
2.25%	$ 117.58	$ 112.61	$ 108.05	$ 103.83	$ 99.93	$ 96.30	$ 92.93	$ 89.78	$ 86.84
2.50%	$ 120.90	$ 115.60	$ 110.73	$ 106.26	$ 102.13	$ 98.31	$ 94.76	$ 91.46	$ 88.37
2.75%	$ 124.54	$ 118.85	$ 113.65	$ 108.89	$ 104.51	$ 100.47	$ 96.72	$ 93.25	$ 90.01
3.00%	$ 128.54	$ 122.41	$ 116.84	$ 111.75	$ 107.09	$ 102.80	$ 98.84	$ 95.17	$ 91.76
3.25%	$ 132.96	$ 126.33	$ 120.33	$ 114.87	$ 109.89	$ 105.32	$ 101.12	$ 97.24	$ 93.65
3.50%	$ 137.87	$ 130.66	$ 124.17	$ 118.29	$ 112.95	$ 108.07	$ 103.59	$ 99.48	$ 95.68
3.75%	$ 143.37	$ 135.47	$ 128.41	$ 122.05	$ 116.29	$ 111.06	$ 106.28	$ 101.90	$ 97.87
4.00%	$ 149.54	$ 140.85	$ 133.12	$ 126.20	$ 119.98	$ 114.34	$ 109.22	$ 104.54	$ 100.24

Source: Analyst

LifePoint Health Inc (LPNT)

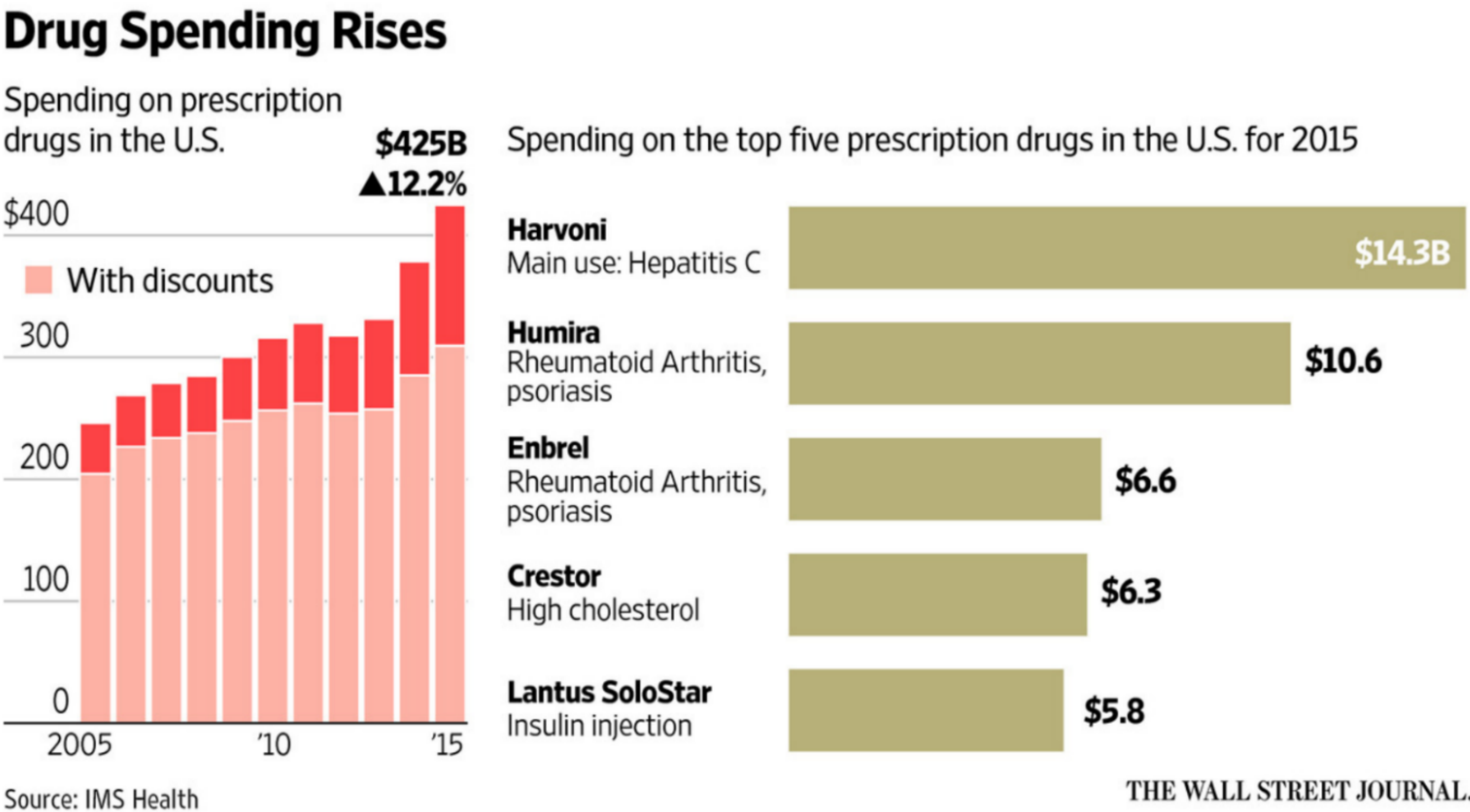
LPNT											
Analyst: Anthony Rogers			Terminal Discount Rate =		9.0%						
Date: 6/15/17			Terminal FCF Growth =		3.0%						
Year	**2017E**	**2018E**	**2019E**	**2020E**	**2021E**	**2022E**	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**
Revenue	6,555	6,752	7,022	7,232	7,449	7,673	7,903	8,140	8,384	8,636	8,895
% Growth		3.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Operating Income	**446**	**466**	**520**	**535**	**551**	**568**	**585**	**602**	**620**	**639**	**658**
Operating Margin	6.8%	6.9%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
Interest	144	135	154	159	164	169	174	179	184	190	196
Interest % of Sales	2.2%	2.0%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
Taxes	109	119	131	135	139	144	148	152	157	162	167
Tax Rate	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%
Non-Controlling NI	13	14	14	14	15	15	16	16	17	17	18
Interest % of Sales	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Net Income	**180**	**198**	**220**	**226**	**233**	**240**	**247**	**255**	**262**	**270**	**278**
% Growth		10.2%	10.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Add Depreciation/Amort	354	365	379	391	402	414	427	440	453	466	480
% of Sales	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
Plus/(minus) Changes WC	(29)	(125)	(100)	(103)	(106)	(109)	(113)	(116)	(119)	(123)	(127)
% of Sales	-0.4%	-1.9%	-1.4%	-1.4%	-1.4%	-1.4%	-1.4%	-1.4%	-1.4%	-1.4%	-1.4%
Subtract Cap Ex	200	250	300	309	318	328	338	348	358	369	380
Capex % of sales	3.1%	3.7%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Free Cash Flow	**305**	**188**	**199**	**205**	**211**	**217**	**224**	**230**	**237**	**245**	**252**
% Growth		-38.3%	5.9%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

NPV of Cash Flows	**1,386**	43%	
NPV of terminal value	**1,826**	57%	
Projected Equity Value	**3,212**	100%	
Free Cash Flow Yield	**11.55%**		
Current P/E	**14.7**	**13.3**	**12.0**
Projected P/E	*17.9*	*16.2*	*14.6*
Current EV/EBITDA	**3.4**	**3.3**	**3.0**
Projected EV/EBITDA	*4.1*	*4.0*	*3.7*
Shares Outstanding	**40.4**		
Current Price	**$ 65.35**		
Implied equity value/share	**$ 79.57**		
Upside/(Downside) to DCF	**21.8%**		
Debt	**96**		
Cash	**22**		
Cash/share	**0.54**		

Terminal Value	**4,323**
Free Cash Yield	**5.83%**
Terminal P/E	**15.5**
Terminal EV/EBITDA	**3.9**

Source: Analyst

McKesson Corp (MCK)


Drug Spending Rises
Spending on prescription drugs in the U.S.
$425B
▲12.2%
$400
With discounts
300
200
100
0
2005
'10
'15
Spending on the top five prescription drugs in the U.S. for 2015
Harvoni
Main use: Hepatitis C
$14.3B
Humira
Rheumatoid Arthritis, psoriasis
$10.6
Enbrel
Rheumatoid Arthritis, psoriasis
$6.6
Crestor
High cholesterol
$6.3
Lantus SoloStar
Insulin injection
$5.8
Source: IMS Health
THE WALL STREET JOURNAL.

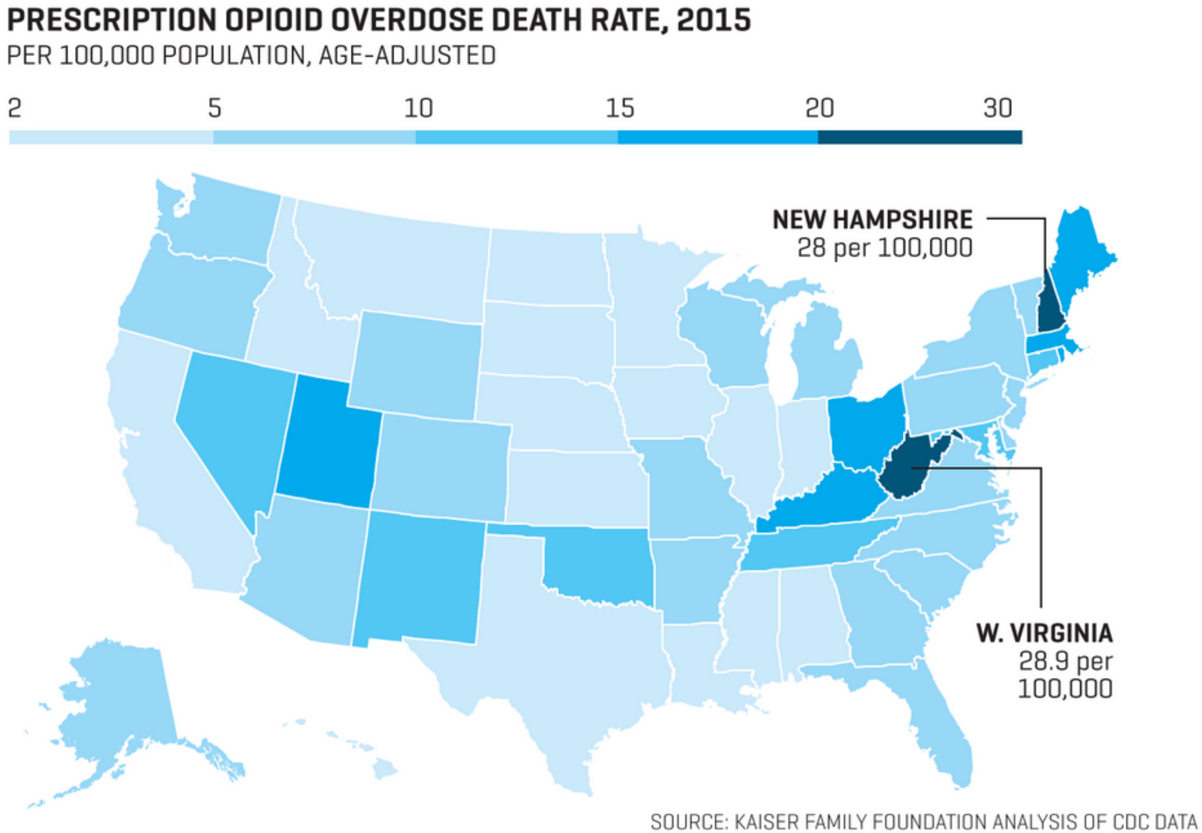


Photo: Matt Eich for Fortune

BUY

Price: $166.96
Target: $201.37

Market Cap:	**$33.96B**
Enterprise Value:	**$40.13B**
52-Week:	**$114.53 – 199.43**
90-Day Avg. Volume:	**1,733,468**
Shares:	**210.9M**
Price Performance (52-week):	**-9.15%**
Revenue (TTM):	**+4.01%**

Annual Dividend:	**$1.12**
Annual Yield:	**0.70%**
P/E (TTM):	**6.82**
P/E (5-Yr Avg.):	**21.26**
EPS (TTM):	**$23.28**
Price/Cash Flow (TTM):	**5.84**
Price/Book:	**3.80**

Cardinal Health vs MCK

NPV of Cash Flows	9,694	46%	
NPV of terminal valu	11,456	54%	
Projected Equity Valu	21,150	100%	
Free Cash Flow Yielc	2.46%		
Current P/E	20.0	19.2	18.0
Projected P/E	*16.3*	*15.7*	*14.7*
Current EV/EBITDA	10.8	10.4	9.7
Projected EV/EBITD/	*9.0*	*8.7*	*8.1*
Shares Outstanding	325		
Current Price	$ 79.68		
Implied equity value/	$ 65.08		
Upside/(Downside) t	-18.3%		
Debt	4,950		
Cash	2,360		
Cash/share	7.26		

Terminal Value	28,390
Free Cash Yield	6.31%
Terminal P/E	15.5
Terminal EV/EBITDA	8.5

Recommendation: **SELL**

Medtronic PLC (MDT) HOLD

Absolute Basis	High	Low	Median	Current
P/E	25.9253	10.0343	15.6219	24.4549
P/B	5.7414	1.7919	2.7277	2.2911
P/S	5.423	2.1035	3.2825	3.6749
P/EBITDA	16.9314	6.3782	11.6517	14.3654

Source: Various

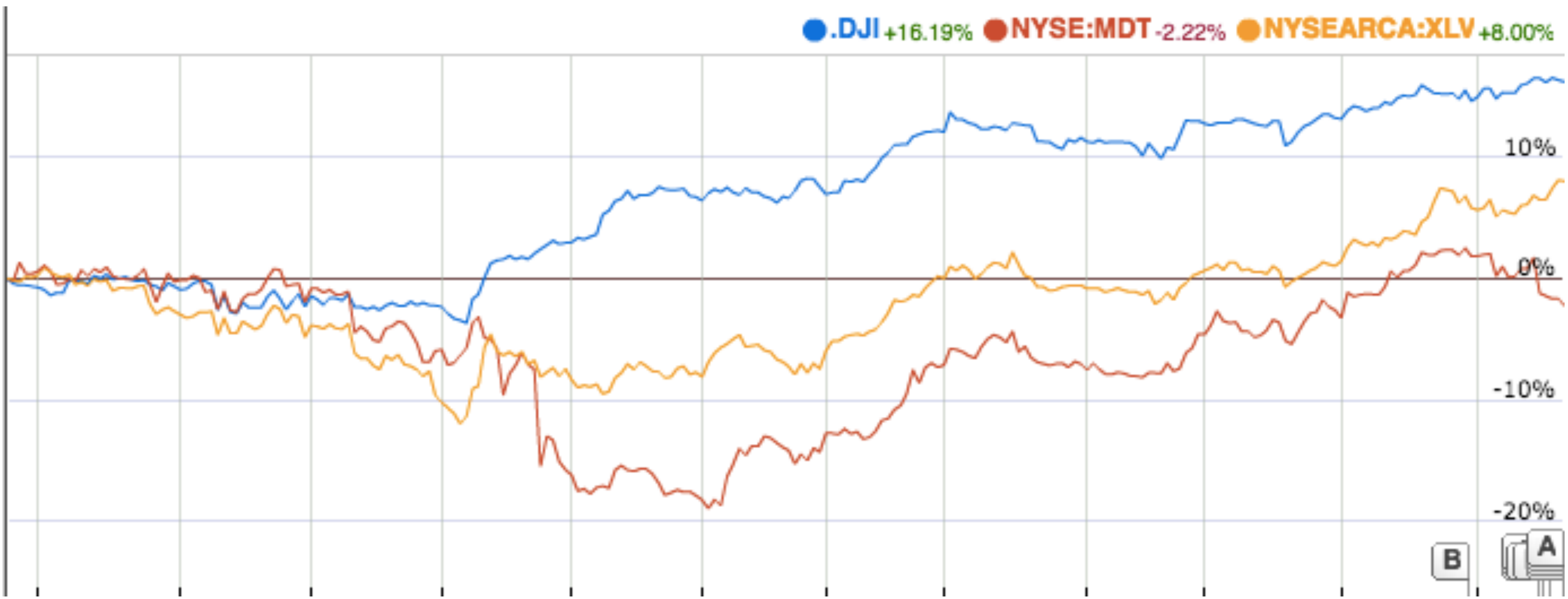
Medtronic PLC (MDT)

MDT										
Analyst: Dylan Seymour					Terminal Discount Rate =	9.0%				
6/5/17					Terminal FCF Growth =	4.0%				
Year	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Revenue	29986	31,186	32433	33730.53	35079.75	36482.94	37942.26	39459.95	41038.35	42679.88
% Growth		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Operating Income	7,930	8,308	8,701	8,544	8,886	9,241	9,611	9,995	10,395	10,811
Operating Margin	26.45%	26.64%	26.83%	25.33%	25.33%	25.33%	25.33%	25.33%	25.33%	25.33%
Interest	1,455	1,528	1,604	587	610	635	660	687	714	743
Interest % of sales	4.85%	4.90%	4.95%	1.74%	1.74%	1.74%	1.74%	1.74%	1.74%	1.74%
Taxes	1307	1370	1435	1552.25	1614.34	1678.91	1746.06	1815.91	1888.54	1964.09
Tax Rate	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%
Net Income	6,383	6,688	7,006	7,579	7,882	8,197	8,525	8,866	9,221	9,589
% Growth		4.79%	4.75%	8.17%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Add Depreciation/Amort	1799	1949	2108	2192.48	1929.39	1824.15	1707.40	1578.40	1588.18	1651.71
% of sales	6.00%	6.25%	6.50%	6.50%	5.50%	5.00%	4.50%	4.00%	3.87%	3.87%
Plus/(minus) Changes WC	139	412	142	252.98	263.10	273.62	284.57	295.95	307.79	320.10
% of sales	0.46%	1.32%	0.44%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
Subtract Cap Ex	1254	1254	1254	1254	1254	1254	1254	1254	1254	1254
Capex % of sales	4.18%	4.02%	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%
Free Cash Flow	7,067	7,795	8,003	8,770	8,820	9,041	9,263	9,486	9,863	10,307
% growth		10.30%	2.66%	9.59%	0.57%	2.50%	2.46%	2.41%	3.97%	4.51%

Medtronic PLC (MDT)

NPV of Cash Flows	53,191				
NPV of terminal value	90,560			Terminal Value	214389.13
Projected Equity Value	143,752				
Free Cash Flow Yield	5.96%			Free Cash Flow Yield	4.81%
Current P/E	18.6	17.7	16.9	Terminal P/E	22.36
Projected P/E	*22.5*	*21.5*	*20.5*		
Current EV/EBITDA	11.8	11.2	10.7	Terminal EV/EBITDA	16.92
Projected EV/EBITDA	*14.4*	*13.7*	*13.0*		
Shares Outstanding	1,380.6				
Current Price	$ 85.95				
Implied equity value/share	$ 104.12				
Upside/(Downside) to DCF	21.1%				
Debt	10,170				
Cash	13,710				
Cash/share	$ 9.93				

Medtronic PLC (MDT)



Yahoo Finance

PFE										
Analyst: Dylan Seymour				Terminal Discount Rate =	10.0%					
6/17/17				Terminal FCF Growth =	3.0%					
Year	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Revenue	54936.96	57134.44	59419.82	62390.81	65510.35	68785.86	72225.16	75836.42	79628.24	83609.65
% Growth		4.00%	4.00%	5%	5%	5%	5%	5%	5%	5%
Operating Income	15850.52	15067.81	15850.52	16643.05	17475.20	18348.96	19266.41	20229.73	21241.21	22303.27
Operating Margin	28.85%	26.37%	26.68%	26.68%	26.68%	26.68%	26.68%	26.68%	26.68%	26.68%
Interest	1245.30	1307.57	1372.94	1347.64	1415.02	1485.77	1560.06	1638.07	1719.97	1805.97
Interest % of sales	2.27%	2.29%	2.31%	2.16%	2.16%	2.16%	2.16%	2.16%	2.16%	2.16%
Taxes	1914.92	2571.34	2704.06	3238.32	3400.24	3570.25	3748.76	3936.20	4133.01	4339.66
Tax Rate	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%
Net Income	8732.54	11728.90	12339.51	14752.36	15489.98	16264.48	17077.71	17931.59	18828.17	19769.58
% Growth		34.31%	5.21%	19.55%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Add Depreciation/Amort	3900	4000	4100	4024.21	4225.42	4436.69	4658.52	4891.45	5136.02	5392.82
% of sales	7.10%	7.00%	6.90%	6.45%	6.45%	6.45%	6.45%	6.45%	6.45%	6.45%
Plus/(minus) Changes WC	706.87	477.39	498.49	661.34	694.41	729.13	765.59	803.87	844.06	886.26
% of sales	1.29%	0.84%	0.84%	1.06%	1.06%	1.06%	1.06%	1.06%	1.06%	1.06%
Subtract Cap Ex	1823	1823	1823	1823	1823	1823	1823	1823	1823	1823
Capex % of sales	3.32%	3.19%	3.07%	2.92%	2.78%	2.65%	2.52%	2.40%	2.29%	2.18%
Free Cash Flow	11,516	14,383	15,115	17,615	18,587	19,607	20,679	21,804	22,985	24,226
% growth		24.89%	5.09%	16.54%	5.52%	5.49%	5.46%	5.44%	5.42%	5.40%

Pfizer PFE

NPV of Cash Flows	53,191				
NPV of terminal value	90,560			Terminal Value	214389.13
Projected Equity Value	143,752				
Free Cash Flow Yield	6.01%			Free Cash Flow Yield	4.81%
Current P/E	18.4	17.6	16.8	Terminal P/E	22.36
Projected P/E	*22.5*	*21.5*	*20.5*		
Current EV/EBITDA	11.7	11.1	10.6	Terminal EV/EBITDA	16.92
Projected EV/EBITDA	*14.4*	*13.7*	*13.0*		
Shares Outstanding	1,380.6				
Current Price	$ 85.17				
Implied equity value/share	$ 104.12				
Upside/(Downside) to DCF	22.3%				
Debt	10,170				
Cash	13,710				
Cash/share	$ 9.93				

Recommendation

- SIM Portfolio is currently over weight compared to S&P at 15.36% of the total portfolio
- We recommend **OVERWEIGHTING** Healthcare to the maximum allowable amount of 15.51% of the portfolio

Company	Ticker	Current Price	Target Price	Upside / (Downside)	Recommendation	SIM Weight	Target Weight	Change
Gilead Sciences Inc	**GILD**	**$73.76**	**$130.81**	**77.35%**	**BUY**	**4.33%**	**4.79%**	**0.46%**
HCA Healthcare Inc	HCA	$85.73	$107.09	24.89%	HOLD	3.27%	3.50%	0.00%
McKesson Corp	MCK	$165.92	$201.37	20.60%	SELL	5.31%	5.00%	-0.31%
Medtronic PLC	MDT	$85.17	$104.12	22.25%	HOLD	2.45%	2.45%	0.00%
						15.36%	**15.51%**	**0.15%**

THE OHIO STATE UNIVERSITY

Questions?