



**W.R. Grace & Company (GRA)**
**Analyst Notes** : Downgraded from Very Attractive 1/21/20 | Cause: Price Increase: Higher Market Expectations













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Values in Millions except per share amounts	EY 3: 2021	EY 4: 2022	EY 5: 2023	EY 6: 2024	EY 7: 2025	EY 8: 2026	EY 9: 2027	EY 10: 2028
FCF (Free Cash Flow)	\$306.80	\$328.50	\$338.39	\$351.92	\$366.00	\$380.64	\$395.86	\$411.70
FCF Present Value	\$263.16	\$267.72	\$262.03	\$258.93	\$255.86	\$252.83	\$249.83	\$246.87
FCF Cumulative Present Value	\$816.80	\$1,084.53	\$1,346.56	\$1,605.49	\$1,861.35	\$2,114.18	\$2,364.01	\$2,610.88
Terminal Value	\$7,024.26	\$7,305.23	\$7,597.44	\$7,901.34	\$8,217.39	\$8,546.09	\$8,887.93	\$9,243.45
Present Value of Terminal Value	\$6,025.14	\$5,953.74	\$5,883.18	\$5,813.45	\$5,744.55	\$5,676.47	\$5,609.20	\$5,542.72
Corporate Value	\$6,841.95	\$7,038.26	\$7,229.74	\$7,418.94	\$7,605.91	\$7,790.65	\$7,973.21	\$8,153.60
 Excess Cash	\$179.03	\$179.03	\$179.03	\$179.03	\$179.03	\$179.03	\$179.03	\$179.03
 Net Assets from Discontinued Operations	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
 Net Deferred Tax Liability	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
 Net Deferred Compensation Assets	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
 Fair Value of Unconsolidated Subsidiary Assets (non-operating)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
 Fair Value of Total Debt	(\$1,990.63)	(\$1,990.63)	(\$1,990.63)	(\$1,990.63)	(\$1,990.63)	(\$1,990.63)	(\$1,990.63)	(\$1,990.63)
 Fair Value of Preferred Capital	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)
 Fair Value of Minority Interests	(\$6.30)	(\$6.30)	(\$6.30)	(\$6.30)	(\$6.30)	(\$6.30)	(\$6.30)	(\$6.30)
 Value of Outstanding ESO After-Tax	(\$12.28)	(\$12.28)	(\$12.28)	(\$12.28)	(\$12.28)	(\$12.28)	(\$12.28)	(\$12.28)
 Pensions Net Funded Status	(\$442.10)	(\$442.10)	(\$442.10)	(\$442.10)	(\$442.10)	(\$442.10)	(\$442.10)	(\$442.10)
Shareholder Value	\$4,569.67	\$4,765.99	\$4,957.46	\$5,146.66	\$5,333.63	\$5,518.37	\$5,700.93	\$5,881.32
 Shares Outstanding	66.7	66.7	66.7	66.7	66.7	66.7	66.7	66.7
Shareholder Value per Share	\$68.47	\$71.42	\$74.28	\$77.12	\$79.92	\$82.69	\$85.43	\$88.13
GAP (Growth Appreciation Period)	3	4	5	6	7	8	9	10
Maximum Loss Exposure from Special Purpose Entities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Decision Page pulls Performance Hurdles values from below for the relevant GAPs</b>								
Total Operating Revenue CAGR	3.9%	3.8%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
Average Economic Earnings Margin	7.9%	8.0%	8.2%	8.4%	8.5%	8.7%	8.8%	9.0%
Average ROIC	13.4%	13.6%	13.7%	13.9%	14.0%	14.2%	14.4%	14.5%
ROIC (Return On Invested Capital)	13.8%	14.0%	14.4%	14.7%	15.0%	15.3%	15.6%	16.0%
 WACC (Weighted Average Cost of Capital)	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%
Incremental Return on Invested Capital	42.1%	27.0%	36.8%	34.1%	34.1%	34.1%	34.1%	34.1%
Average NOPAT Margin	16.4%	16.4%	16.4%	16.4%	16.4%	16.4%	16.4%	16.4%
Average Avg Invested Capital Turns	0.82	0.83	0.84	0.85	0.86	0.87	0.88	0.89
NOPAT CAGR	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
Invested Capital CAGR	1.6%	1.6%	1.6%	1.6%	1.6%	1.7%	1.7%	1.7%
FCF CAGR	-	-	-	-	-	-	-	-
Economic Earnings CAGR	7.3%	6.8%	6.5%	6.3%	6.1%	6.0%	5.9%	5.8%