

**Bausch Health Companies Inc. (NYSE: BHC)**

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Investment Thesis

We recommend a market overweight position on Bausch Health Companies Inc.'s 5.750% 2027 first lien senior secured notes. BHC is a globally, diversified specialty pharmaceutical and medical device company that develops, manufactures and markets, primarily in the therapeutic areas of gastroenterology, hepatology, and dermatology, a broad range of branded, generic pharmaceuticals, OTC products, and aesthetic medical devices. Their eye care segment, Bausch + Lomb was spun-off in 2022, however, they still hold 88% ownership of the company and benefit from the recent success of their branded generic pharmaceuticals and medical devices inclusive of their top products: contact lenses, intraocular lenses, and surgical equipment. BHC's complete portfolio of products falls into their five operating segments: Salix, International, Solta Medical, Diversified, and Bausch + Lomb. In recent years, BHC has faced severe financial pressure, and we expect to see significant changes to counteract bankruptcy rumors through 2027. This will be reflected in BHC's commitment to deleveraging through two separate scenarios: the sale of remaining ownership in Bausch + Lomb or BHC's acceptance of the creditor's cooperation agreements. As BHC looks to shift their business model away from Bausch + Lomb, we believe that recent and continuing success with rifaximin formulations will continue to drive strong revenues. As the market recognizes BHC's successful deleveraging efforts and growth, we expect its 2027 notes to trade tighter with a hold to maturity.

Figure 1: Capitalization Table

Bausch Health Companies Inc. Capitalization Table										
	6/30/2024	10/18/2024		Interest	Cash				Debt / EBITDA	
	Face	Price	Market	Rate	Interest	YTW	OAS	Maturity	FY23A	FY24E
Cash & Cash Equivalents	\$750.0									
First Lien Secured Loans										
2027 Revolving Credit Facility	0			S + 150	\$ -			2/1/2027		
February 2027 Term Loan B	2218	98.5	\$2,185	S + 100	\$221,904			2/1/2027		
AR Credit Facility	300			S + 665	\$199,514					
B+L May 2027 Term Loan B	2444	100.13	\$2,447	S + 258	\$630,666			5/10/2027		
B+L Revolving Credit Facility	350			S + 175	\$61,266			5/10/2027		
B+L September 2028 Term Loan B	495	100.25	\$496	S + 225	\$111,398			9/29/2028		
First Lien Secured Bonds										
Notes due 2025	1680	98.34	\$1,652	5.500%	\$92	7.4%	313.2	11/1/2025		
Notes due 2027	500	88.93	\$445	5.750%	\$29	10.6%	639.1	8/15/2027		
Notes due 2028	1600	82.24	\$1,316	4.875%	\$78	11.1%	715.6	6/1/2028		
Notes due 2027	1000	92.95	\$930	6.125%	\$61	10.2%	617.0	2/1/2027		
Notes due 2028	1774	97.47	\$1,729	11.000%	\$195	11.9%	793.8	9/30/2028		
B+L Notes due 2028	1400	104.94	\$1,469	8.375%	\$117	6.5%	248.9	10/1/2028		
Total First Lien Debt	\$13,761.0		\$12,669		\$1,225,321				5.19x	5.11x
Total Net First Lien Debt	13011.0		\$11,919							
Second Lien Secured Bonds										
Notes due 2030	352	93.24	\$328	14.000%	\$49	15.8%	1188.0	10/15/2030		
Intermediate Holdco Secured Notes	999			9.000%	\$90					
Senior Unsecured Bonds										
Notes due 2025	535	98.19	\$525	9.000%	\$48	10.8%	658.3	12/15/2025		
Notes due 2026	602	97.23	\$585	9.250%	\$46	11.5%	731.9	4/1/2026		
Notes due 2027	643	82.92	\$533	8.500%	\$55	18.3%	1419.1	1/31/2027		
Notes due 2029	821	65.95	\$541	6.250%	\$51	18.1%	1415.6	2/15/2029		
Notes due 2029	452	60.16	\$272	5.000%	\$23	19.1%	1520.7	2/15/2029		
Notes due 2031	463	57.00	\$264	5.250%	\$24	16.6%	1266.5	2/15/2031		
Notes due 2028	433	68.13	\$295	5.000%	\$22	18.7%	1471.6	1/30/2028		
Notes due 2030	779	58.42	\$455	5.250%	\$41	17.9%	1394.9	1/30/2030		
Notes due 2028	171	71.17	\$122	7.000%	\$12	19.7%	1571.4	1/15/2028		
Notes due 2029	336	66.81	\$224	7.250%	\$24	18.4%	1443.8	5/20/2029		
Other	12									
Total Debt	\$20,359.0		\$16,814.1		\$1,225,815.8				7.67x	7.56x
Total Net Debt	19,609.0		16,064.1							
Earnings:										
FY23A EBITDA	\$2,654.0			Pricing Date	12/2/2024					
FY24E EBITDA	\$2,691.3			SOFR	4.67%					

MFIF

Minutemen Fixed Income Fund

Security Data**Bond Maturity: 08/15/2027****Rating: Caa1/B-****Rank: First lien senior secured****Price: \$88.93****Yield-to-worst: 10.60%****Coupon: 5.750%****OAS: 639 bps****CUSIP: 071734AC1****Contents****1 Investment Thesis****2 Industry Outlook****3 Investment Rationale and Catalysts****4 Risks to Thesis****5 Relative Valuation****6 Summary Model**

Industry Overview

Although BHC's multiple revenue segments allow them to operate in many different industries, the main industry they operate in is global pharmaceuticals valued at \$1.2tr. This industry is a rapidly evolving landscape where companies meet many barriers to entry such as regulatory demands, high research & development costs, patents, and pressures from leading pharmaceutical companies. With unlimited growth potential, companies are constantly investing in M&A to grow pipelines and develop new treatments in unaddressed markets. The key to success in this industry is being the first-mover to develop medications under patent protection and having minimal competition. Leaders such as Johnson & Johnson, Novartis, and F. Hoffmann reflect this strategy. External drivers such as the growing population of adults 65 and older, health pandemics, and an overall trend of increased healthcare expenditures contribute to company success as well. Overall, these factors will contribute to revenue expanding at a CAGR of ~3% to \$1.4 trillion in the next five years.

Investment Rationale and Catalysts

BHC's strategic commitment to deleveraging through two scenarios: the impending sale of ownership in Bausch + Lomb or debt holders' cooperation.

Scenario One: Sale of BLCO Ownership

Bausch + Lomb (NYSE:BLCO), originally founded in 1853, is a renowned eye health company focusing on vision care, pharmaceuticals, and surgical products. With a vast global presence, BLCO has been a pioneer in the eye care industry, becoming one of the leading eye contact brands and a top competitor against Big Pharma companies such as Johnson and Johnson. In 2018, BLCO was acquired by Bausch Health Companies (NYSE: BHC) (known as Valeant Pharmaceuticals at the time) for \$8.7bn and funded by significant debt, becoming a key component in BHC's portfolio and generating ~45-50% of total revenues. Nevertheless, BHC was forced into a debt burden by unexpected government investigations and scandals with the BLCO acquisition and management sought to spin-off this sector to aid in fulfilling debt obligations. After multiple pushbacks, BLCO was publicly launched on the NYSE in May, 2022. However, BHC still holds majority ownership (88%) in BLCO and has applied pressure to BHC's balance sheet.

As the impending large debt maturities approach, management has sought to bundle the remaining ownership in BLCO and sell to a private equity company. BLCO has transitioned to a stronger financial company since the spin-off which can be attributed to CEO Joseph Papa as he successfully positioned the company to acquire \$2.5bn dry eye disease therapy XIIDRA, currently the largest driver behind expected FY24 revenue at \$5,233.3mm and YoY growth of 26%. We believe that the recent success of BLCO will push BHC to sell their 88% ownership prior to their FY25 maturities in 3QFY25.

Selling BLCO to another Big Pharma company seems unlikely given anti-competitive regulations, so past rumors around selling to JNJ and ABBV are false given the amount of control they would then have in the eye care market. Speculations around Blackstone and TPG teaming up to buy BLCO verify that this is the most plausible selling strategy. BLCO currently has 352.1mm shares outstanding trading at \$19.99. Given 88% ownership we believe that the lowest offer BHC would get for their ownership is \$6205.53mm. This lump sum of cash will be used to pay off \$2215mm in notes due 2025, \$602mm of notes due 2026, the February 2027 TL of \$2218mm, and February 2027 notes. After paying off this debt, BHC is left with \$170 to fulfill other debt obligations, inclusive of the 5.750% 2027 notes. However, the street expects this potential sale to close at a premium, valuing the company at a much higher price of ~\$10bn, ensuring that all BHC 2027 debt is paid off. Including BLCO's debt of ~\$4.7bn, the sale would take the overall value of ~\$15bn. If the sale is carried out, BHC overall revenue will decrease 47% and the debt burden will be reduced by ~\$5bn, significantly shifting the leverage ratio to 6.86x before paying off BHC debt.

Minutemen Fixed Income Fund

Figure 2: Global Pharmaceutical Products and Services Segmentation

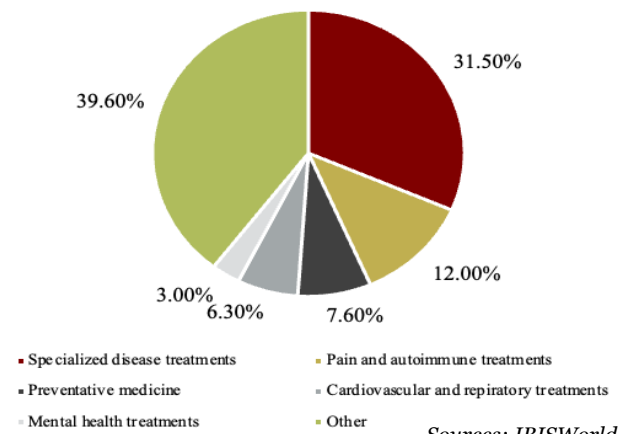


Figure 3: BHC Debt Maturity Profile (excl. B+L)

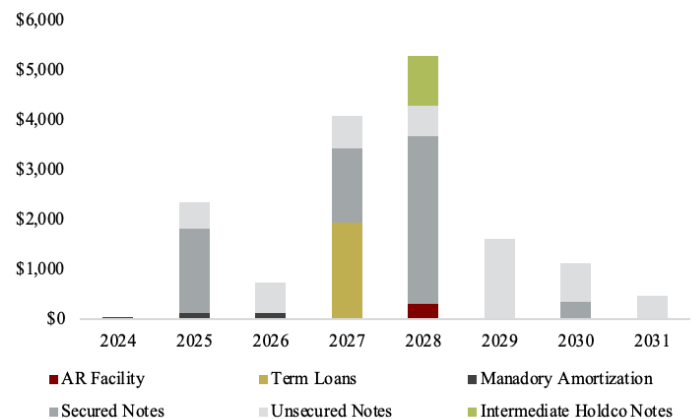
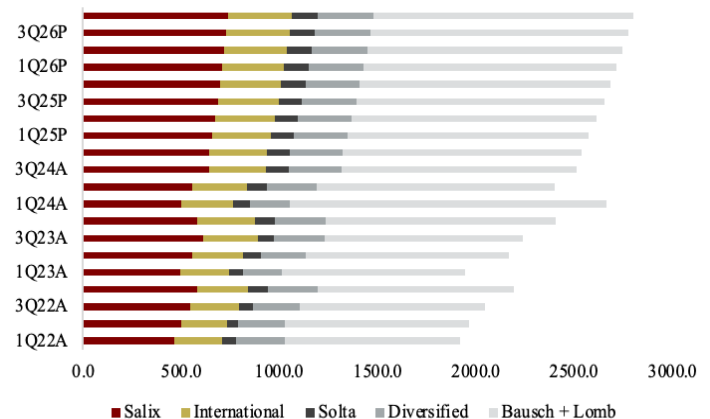


Figure 4: BHC Revenue by Segment



Scenario Two: Cooperation Agreements

Another way that BHC could continue to avoid bankruptcy risks is through accepting the cooperation agreements that their debt holders organized, which could allow BHC to continue their majority ownership of their largest revenue provider, BLCO. This new term “cooperation agreements” are a set of standards created by lenders of private-equity backed companies to counteract the risk of default. This rising trend on the street is labeled the new most effective defense to a surge of liability management transactions by struggling companies by bringing in new cash from creditors. These groups of creditors often gain immense power as excluded debt holders are left with a dilemma of trying to join the “in-group” that negotiates a deal or they miss out on the favorable side of a debt exchange.

BHC has recently seen their creditors create this cooperation agreement from the fear that the company could enter bankruptcy. Currently 80% of their creditors and all of their outstanding debt are under this agreement with the goal to take back some of their power, ensure proper paybacks, or gain ownership in BLCO. This group is able to present a compelling case to BHC from knowing that there is room in the credit agreement and covenants for repositioning and adjusting debt obligations, leaving the management team with little room to disagree.

Although information around what the cooperative agreement outlines is private, based on other successful cooperative agreements we are anticipating two different outcomes. The first would be that the creditors exchange partial debt for equity in BLCO, however BHC rejected this offer in 3Q24, but may be forced to renegotiate as impending maturities near. Creditors may also force BHC to hold onto BLCO ownership as it is BHC’s most valuable asset and could continue to drive high revenue to \$10,925mm by YE26. Creditors may want this as collateral to BHC outstanding debt and could seek to reorganize the covenants by allowing BHC to reorganize restricted payments on the term loans and debt. If BHC can negotiate restricted payments, especially the \$1.5bn on the 2027 Term Loan, they could use the cash to pay off early debt obligations.

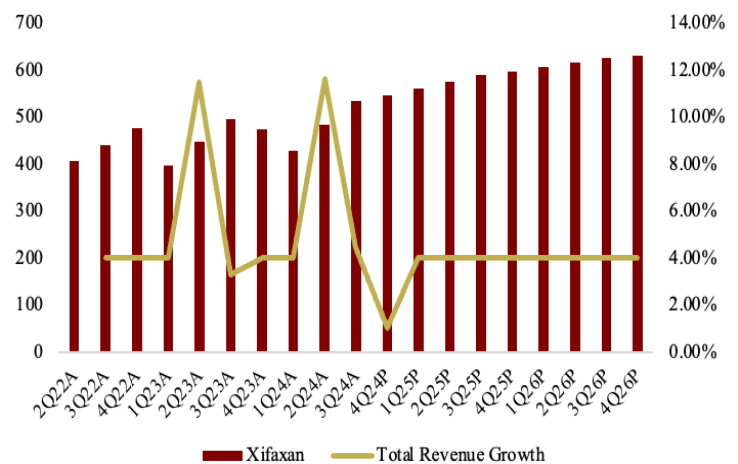
Recent and continuing success with rifaximin formulation will continue to drive BHC revenues

Xifaxan, a pharmaceutical drug, has been the star of BHC’s non BLCO product portfolio over the past year. Originally designed to treat IBS-D, this 550 mg rifaximin tablet has become increasingly popular from the additional benefit of reducing overt hepatic encephalopathy and treating E. Coli based diarrhea. Operating in three different markets has allowed Xifaxan to stand out amongst competitors and significantly grow revenue at 7% YoY in 3Q24. Outside of BLCO revenues, Xifaxan revenues make up ~40% over total BHC revenues. If a complete sell-off of remaining ownership in BLCO occurs, BHC will be heavily reliant on the success of Xifaxan to lead their new business model and generate enough revenue to reinvest in research and development. However, the threat of generic entry through competitors such as Norwich Pharmaceuticals Inc. could intervene with the growth of this drug. We believe the market is overreacting to this risk, and generic entries will not get approval until FY27 at the earliest. On November 18, the US Supreme Court rejected Norwich’s request to review the blocking of the Xifaxan until FY29, reflective of the recent success BHC has seen in the courtroom. As BHC continues to find other diseases that Xifaxan can treat or reduce, the threat of generic entry continues to reduce.

This will allow Xifaxan to drive \$2,318mm and \$2,475mm in revenues in FY26 and FY27 respectively.

Since the spin-off of BLCO in 2022, BHC has devoted any additional capital outside of debt responsibility to strengthening their product pipeline, especially in the liver space. Success of Xifaxan drove the continuation of researching the benefits of rifaximin which has been reflected in the RED-C (“SSD”) next-generation formulation. More than 4.5 million people in the United States are diagnosed with cirrhosis where there are currently no therapies to prevent the most serious stages of the disease. The Red-C program aims to address this gap by utilizing a unique form of rifaximin in differing doses and delivery than Xifaxan. Currently in two Phase 3 trials involving over 1000 patients in 17 countries, Red-C has progressed significantly, hinting at approval and launch in the near future. By continuing to grow their leadership in the liver disease industry through their pipeline, BHC will be able to drive \$5817mm in revenues not including their Bausch + Lomb segment to position themselves well in either scenario.

Figure 5: Xifaxan Revenue & Overall Revenue Growth



Sources: Company Filings, MFIF Analysis

Figure 6: BHC Product Pipeline

Drug	Potential Indication	Pre-clinical	Phase I	Phase II	Phase III	Approval / Launch
CABTRO	First triple combination product for the treatment of acne vulgaris					
RED-C	Prevention and delay of first episode of hepatic encephalopathy					
Amiselioid	Treatment for mild to moderate ulcerative					
Thermage FLX	Radio frequency technology to help tighten and improve the smoothness and texture of skins surface					
Clear + Brilliant Touch	Fractionated laser device for skin rejuvenation					
Next Generation Fraxel	Fractionated laser device for skin resurfacing					

Sources: BHC 3Q24 Earnings Presentation

Relative Valuation

BHC's 2027 notes are currently trading at an OAS of 649bps, much wider than competitors Emergent Biosolutions Inc. (EBS), Organon & Co (OGN), and Jazz Pharmaceuticals PLC (JAZZ). We believe that they have the potential to significantly tighten 150~200bps due to management's commitment to delivering and improving financial performance.

Bausch's closest high-yield competitor is EBS, a much smaller pharmaceutical company known for their success with Narcan, an opioid overdose nasal spray and their success during global pandemic. Since 2021, the company has seen significant losses and has reinvested into creating a treatment for Mpox, a virus that is barely present in the United States and Europe. BHC generates much larger EBITDA contributing to their lower leverage ratio at 7.93x in comparison to EBS 9.42x. BHC also has a much greater LTM EBITDA/Interest of 1.88x indicating that they are much more capable of fulfilling interest payment obligations.

In comparison to less levered competitors OGN and JAZZ that have seen recent success with their unique pipeline, BHC has been able to generate higher revenue at \$9,474 with a higher EBITDA of \$2,654. As BHC continues to pay off debt and sees similar R&D success, they will be able to generate similar margins and trade significantly tighter to peers.

BHC's notes currently have the most opportunity with the highest spread to turn to leverage ratio at 81 bps due to their high YTW of 10.60%. They are also currently trading at a discount at \$88.93, the second lowest price out of their competitors. We do not anticipate this bond being called before maturity due to it's outstanding amount and coupon being much less than other BHC notes. Their first lien senior secured capital structure positioning also holds higher priority than any other comparable notes.

Given the expected growth, strong metrics, and positioning of the 2027 notes, now is the right time to invest.

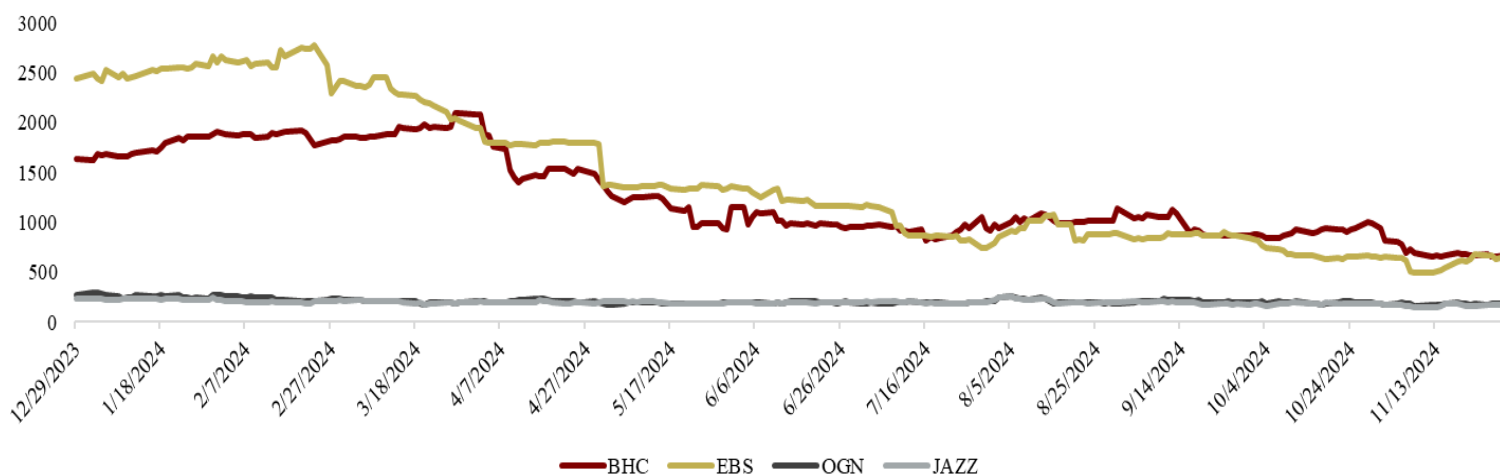
Figure 7: Comparable Company Analysis

Comp (in millions)	BHC	EBS	OGN	JAZZ
Market Cap	2,953	453	3,877	7,372
Debt	21,054	679	8,749	6,202
Cash	719	150	763	2,618
EV	24,672	979	11,863	10,956
LTM Revenue	9,474	1,126	6,409	3,993
LTM Adj. EBITDA	2,654	72	1,855	1,519
EBITDA Margin	28%	6%	29%	38%
LTM Debt/Adj. EBITDA	7.93x	9.42x	4.72x	4.08x
LTM EBITDA/Interest	1.88x	0.93x	3.59x	5.90x
LTM FCF	946	138	747	1,130
FCF/Debt	4%	20%	9%	18%
Individual Securities	BHC	EBS	OGN	JAZZ
Rating	B-	CCC+	BB	BB-
Coupon	5.750%	3.875%	4.125%	4.375%
Maturity	8/15/2027	8/15/2028	4/30/2028	1/15/2029
Price	88.93	80.46	94.70	95.37
YTW	10.60%	10.30%	5.87%	5.80%
OAS	639 bps	623 bps	169 bps	140 bps
Next Call Date	12/1/2024	12/1/2024	12/16/2024	12/1/2024
Spread/Turn of Leverage	81 bps	66 bps	36 bps	34 bps

Risks to Thesis

- The sale of Bausch + Lomb faces multiple delays and will not be sold before large debt maturities
- BHC is too hesitant to accept cooperation agreements with creditors, leaving them on bad terms with heightening bankruptcy rumors
- Xifaxan generic entries gain court approval, interfering with BHC's ability to develop rifaximin treatments and become a leader in the liver disease market

Figure 8: LTM OAS (bps)



Summary Model-No Sale

Financial Statement Model for Encompass Health Corporation (EHC)													
Fiscal Year	FY22A	FY23A	4Q23A	1Q24A	2Q24A	3Q24A	4Q24E	1Q25E	2Q25E	3Q25E	FY24E	FY25E	FY26E
EOP Date	12/31/2021	12/31/2023	12/31/2023	3/31/2024	6/30/2024	9/30/2024	12/31/2024	3/31/2025	6/30/2025	9/30/2025	12/31/2023	12/31/2024	12/31/2025
Income Statement													
Revenues	8,124	8,757	2,408	2,153	2,403	2,510	2,535	2,575	2,615	2,653	9,500	10,419	10,925
Operating expenses													
Cost of goods sold	2,336	2,519	695	628	708	682	728	739	750	761	2,746	3,021	3,167
SG&A	28	40	10	12	11	14	14	14	14	14	51	56	56
Research and development	2,625	2,917	766	794	832	850	870	883	897	910	3,346	3,610	3,785
Amortization of intangibles	529	604	152	151	156	146	162	165	167	170	615	674	706
Total operating expenses	5,518	6,080	1,623	1,585	1,707	1,692	1,774	1,801	1,828	1,855	6,758	7,360	7,715
as % of revenue	68%	69%	67%	74%	71%	67%	70%	70%	70%	70%	71%	71%	71%
EBIT	1,335	938	356	286	398	325	380	387	395	402	1,389	1,592	1,689
(+) Depreciation & amortization	1,394	1,264	329	320	318	322	343	348	353	358	1,303	1,422	1,491
EBITDA	2,729	2,202	685	606	716	647	722	735	748	760	2,691	3,014	3,180
(+) Stock based compensation	-	-	-	-	-	-	-	-	-	-	-	-	-
(+) One-Time Charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Adj. EBITDA	2,729	2,202	685	606	716	647	722	735	748	760	2,691	3,014	3,180
Balance Sheet Summary													
Cash and Cash Equivalents	564	947	947	733	595	719	271	136	54	(75)	271	(2,267)	(2,922)
Trades Receivable	1,790	1,998	1,998	2,048	2,102	2,094	2,115	2,148	2,181	2,213	2,115	2,238	2,339
Total Current Assets	4,247	5,596	5,596	5,396	5,211	5,351	4,933	4,864	4,897	4,838	4,933	2,729	2,310
PP&E, net	1,600	1,707	1,707	1,713	1,738	1,789	1,812	1,837	1,862	1,889	1,812	1,916	2,034
Total Assets	25,686	27,350	27,350	26,913	26,495	26,540	26,202	26,246	26,394	26,448	26,202	24,434	24,405
Total Debt	20,334	21,938	21,938	21,536	21,208	21,054	21,054	21,054	21,054	21,054	21,054	18,844	18,243
Net Debt	19,770	20,991	20,991	20,803	20,613	20,335	20,783	20,918	21,000	21,129	20,783	21,111	21,165
Total Liabilities	25,426	27,432	27,432	27,087	26,722	26,782	26,383	26,454	26,528	26,598	26,383	24,443	24,064
Cash Flow Summary													
Net Income (loss)	(212)	(611)	(47)	(77)	(1)	(92)	63	(28)	75	(16)	(107)	172	350
Changes in Working Capital		988	470	(303)	(149)	3	(7)	(121)	(21)	(110)	(456)	(2,402)	(582)
Cash Flow from Operations	(728)	1,032	390	211	380	405	135	27	82	32	1,131	301	530
Capex	(218)	(215)	(98)	(82)	(78)	(71)	(72)	(73)	(74)	(75)	(303)	(298)	(312)
Cash Flow from Investing	(303)	(2,145)	(148)	(73)	(79)	(102)	(129)	(161)	(164)	(161)	(383)	(629)	(584)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow from Financing	(474)	1,475	(79)	(340)	(424)	(189)	(454)	-	-	-	(1,407)	(2,210)	(601)
Net Change in Cash	(1,528)	371	182	(207)	(132)	127	(448)	(134)	(82)	(129)	(659)	(2,538)	(655)
FCF Reconciliation													
(+) NOPAT	1,443	999	249	253	279	(774)	304	310	316	322	61	1,273	1,351
(+) D&A	1,394	1,264	329	320	318	322	343	348	353	358	1,303	1,422	1,491
(-) Capex	218	215	98	82	78	71	72	73	74	75	303	298	312
(-) Change in Working Capital	(756)	988	470	(303)	(149)	3	(7)	(121)	(21)	(110)	(456)	(2,402)	(582)
Free Cash Flow to Firm	3,375	1,060	10	794	668	(526)	581	706	616	715	1,517	4,800	3,112
Operating Metrics													
Gross Margin		71.2%	71.1%	70.8%	70.5%	72.8%	71.3%	71.3%	71.3%	71.3%	71.1%	71.0%	71.0%
Operating Margin	16.4%	10.7%	10.7%	14.8%	13.3%	16.6%	15.0%	15.0%	15.1%	15.2%	14.6%	15.3%	15.5%
Adj. EBITDA Margin	33.6%	25.1%	28.4%	28.1%	29.8%	25.8%	28.5%	28.6%	28.6%	28.7%	28.3%	28.9%	29.1%
FCF Margin	41.5%	12.1%	0.4%	36.9%	27.8%	-20.9%	22.9%	27.4%	23.6%	27.0%	16.0%	46.1%	28.5%
Credit Metrics													
Net Debt/Adj. EBITDA	7.2x	9.5x	30.6x	34.3x	28.8x	31.4x	28.8x	28.5x	28.1x	27.8x	7.7x	7.0x	6.7x
Net Debt/FCF	5.9x	19.8x	2057.9x	26.2x	30.9x	-38.7x	35.8x	29.6x	34.1x	29.5x	13.7x	4.4x	6.8x
Adj. EBITDA/Interest	-1.9x	-1.7x	-1.9x	-1.7x	-2.0x	-1.9x	-2.4x	-1.7x	-2.5x	-1.8x	-2.0x	-2.2x	-2.5x
FCF/Interest	-2.3x	-0.8x	0.0x	-2.2x	-1.9x	1.5x	-1.9x	-1.7x	-2.0x	-1.7x	-1.1x	-3.5x	-2.5x

Summary Model-Sale of BLCO Ownership

Financial Statement Model for Encompass Health Corporation (EHC)													
Fiscal Year	FY22A	FY23A	4Q23A	1Q24A	2Q24A	3Q24A	4Q24E	1Q25E	2Q25E	3Q25E	FY24E	FY25E	FY26E
EOP Date	12/31/2021	12/31/2023	12/31/2023	3/31/2024	6/30/2024	9/30/2024	12/31/2024	3/31/2025	6/30/2025	9/30/2025	12/31/2023	12/31/2024	12/31/2025
Income Statement													
Revenues	8,124	8,757	2,408	2,153	2,403	2,510	2,535	2,575	1,369	1,392	9,500	6,745	5,817
Operating expenses													
Cost of goods sold	2,336	2,519	695	628	708	682	728	739	393	400	2,746	1,936	1,670
SG&A	28	40	10	12	11	14	14	14	14	14	51	56	56
Research and development	2,625	2,917	766	794	832	850	870	883	469	478	3,346	2,314	1,995
Amortization of intangibles	529	604	152	151	156	146	162	165	88	89	615	432	372
Total operating expenses	5,518	6,080	1,623	1,585	1,707	1,692	1,774	1,801	964	980	6,758	4,737	4,093
<i>as % of revenue</i>	<i>68%</i>	<i>69%</i>	<i>67%</i>	<i>74%</i>	<i>71%</i>	<i>67%</i>	<i>70%</i>	<i>70%</i>	<i>70%</i>	<i>70%</i>	<i>71%</i>	<i>70%</i>	<i>70%</i>
EBIT	1,335	938	356	286	398	325	380	387	158	163	1,389	874	697
(+) Depreciation & amortization	1,394	1,264	329	320	318	322	343	348	209	212	1,303	984	886
EBITDA	2,729	2,202	685	606	716	647	722	735	367	375	2,691	1,857	1,583
(+) Stock based compensation	-	-	-	-	-	-	-	-	-	-	-	-	-
(+) One-Time Charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Adj. EBITDA	2,729	2,202	685	606	716	647	722	735	367	375	2,691	1,857	1,583
Balance Sheet Summary													
Cash and Cash Equivalents	564	947	947	733	595	719	271	136	1,596	1,540	271	(467)	(1,036)
Trades Receivable	1,790	1,998	1,998	2,048	2,102	2,094	2,115	2,148	2,181	2,213	2,115	2,238	2,339
Total Current Assets	4,247	5,596	5,596	5,396	5,211	5,351	4,933	4,864	6,439	6,235	4,933	4,091	3,292
PP&E, net	1,600	1,707	1,707	1,713	1,738	1,789	1,812	1,837	1,827	1,818	1,812	1,809	1,780
Total Assets	25,686	27,350	27,350	26,913	26,495	26,540	26,202	26,246	27,901	27,774	26,202	25,689	25,133
Total Debt	20,334	21,938	21,938	21,536	21,208	21,054	21,054	21,054	16,423	16,423	21,054	14,213	13,612
Net Debt	19,770	20,991	20,991	20,803	20,613	20,335	20,783	20,918	14,827	14,883	20,783	14,680	14,648
Total Liabilities	25,426	27,432	27,432	27,087	26,722	26,782	26,383	26,454	21,897	21,967	26,383	19,812	19,433
Cash Flow Summary													
Net Income (loss)	(212)	(611)	(47)	(77)	(1)	(92)	63	(28)	7	(197)	(107)	(148)	(177)
Changes in Working Capital		988	470	(303)	(149)	3	(7)	(121)	1,521	(255)	(456)	(1,040)	(962)
Cash Flow from Operations	(728)	1,032	390	211	380	405	135	27	15	69	1,131	421	469
Capex	(218)	(215)	(98)	(82)	(78)	(71)	(72)	(73)	(39)	(39)	(303)	(191)	(165)
Cash Flow from Investing	(303)	(2,145)	(148)	(73)	(79)	(102)	(129)	(161)	(129)	(126)	(383)	(522)	(436)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow from Financing	(474)	1,475	(79)	(340)	(424)	(189)	(454)	-	1,574	-	(1,407)	(636)	(601)
Net Change in Cash	(1,528)	371	182	(207)	(132)	127	(448)	(134)	1,460	(56)	(659)	(737)	(569)
FCF Reconciliation													
(+) NOPAT	1,443	999	249	253	279	(774)	304	310	126	130	61	699	558
(+) D&A	1,394	1,264	329	320	318	322	343	348	209	212	1,303	984	886
(-) Capex	218	215	98	82	78	71	72	73	39	39	303	191	165
(-) Change in Working Capital	(756)	988	470	(303)	(149)	3	(7)	(121)	1,521	(255)	(456)	(1,040)	(962)
Free Cash Flow to Firm	3,375	1,060	10	794	668	(526)	581	706	(1,224)	558	1,517	2,532	2,241
Operating Metrics													
Gross Margin		71.2%	71.1%	70.8%	70.5%	72.8%	71.3%	71.3%	71.3%	71.3%	71.1%	71.3%	71.3%
Operating Margin	16.4%	10.7%	10.7%	14.8%	13.3%	16.6%	15.0%	15.0%	11.5%	11.7%	14.6%	13.0%	12.0%
Adj. EBITDA Margin	33.6%	25.1%	28.4%	28.1%	29.8%	25.8%	28.5%	28.6%	26.8%	26.9%	28.3%	27.5%	27.2%
FCF Margin	41.5%	12.1%	0.4%	36.9%	27.8%	-20.9%	22.9%	27.4%	-89.5%	40.1%	16.0%	37.5%	38.5%
Credit Metrics													
Net Debt/Adj. EBITDA	7.2x	9.5x	30.6x	34.3x	28.8x	31.4x	28.8x	28.5x	40.4x	39.7x	7.7x	7.9x	9.3x
Net Debt/FCF	5.9x	19.8x	2057.9x	26.2x	30.9x	-38.7x	35.8x	29.6x	-12.1x	26.7x	13.7x	5.8x	6.5x
Adj. EBITDA/Interest	-1.9x	-1.7x	-1.9x	-1.7x	-2.0x	-1.9x	-2.4x	-1.7x	-2.5x	-0.9x	-2.0x	-1.8x	-1.7x
FCF/Interest	-2.3x	-0.8x	0.0x	-2.2x	-1.9x	1.5x	-1.9x	-1.7x	8.2x	-1.4x	-1.1x	-2.4x	-2.4x