

	FY0	FY1	FY2	FY3	FY4	FY5
Sales	100.0	105.0	115.0	90.0	70.0	120.0
COGS	60.0	64.6	70.0	60.0	40.0	70.0
Inventory - BoP	12.0	15.0	20.0	27.0	22.0	32.0
(-) Inventory - Sold	5.0	10.0	7.0	14.0	12.0	10.0
(+) Inventory - Purchased	8.0	15.0	9.0	16.0	18.0	20.0
Inventory - EoP	15.0	20.0	22.0	29.0	28.0	42.0
Inventory Turnover ¹		3.7	3.3	2.4	1.4	2.0
Impact on NWC		5	2	7	-1	14
Impact on FCF		-5	-2	-7	1	-14
Discount Rate ²		8%	8%	8%	8%	8%
PV of FCF		(4.6)	(1.7)	(5.6)	0.7	(9.5)

Effect on Firm Value³ (20.7)

¹ Inventory Turnover = COGS / Avg Inventory

² Assumed 8% discount rate

³ Firm value falls as you hold more inventory on hand because capital is tied up