Cameron Seemann

Dr. Park

FIN 498

Capstone Project: Yeti (YETI)

Company Overview:

We chose to do a valuation of Yeti, which specializes in the production of high-quality coolers and outdoor equipment. Yeti has taken the industry by storm in the last several years considering the quality in how they make their coolers and other equipment. The current stock price currently sits around eighty-six dollars. Yeti has a market capitalization of 7.496 billion considering they have been expanding their company into active wear and now suitcases for travel. Yeti has a fifty-two-week high of around eighty-nine dollars, and a fifty-two-week low of around twenty-four dollars. Finding numbers and ratios for this company was somewhat difficult considering they went public about six years ago. Yeti is continuing to expand their brand into many different sectors other than just coolers. This includes clothing, suitcases, backpacks, and individual drink chillers. We see Yeti stock increasing in the future due to them always expanding their brand and it is also good that the stock currently sits around 81.05. I will explain to you why I think Yeti is a great investment for the future.

Yeti Business Overview:

Yeti started out as just selling coolers as their main product. Coolers still are the main seller out of Yeti's products but, since then they have added: a clothing line, outdoor accessories, individual drink chillers, and they have recently entered into the travel sector by making suitcases. Out of all those products, coolers are still the main selling point for Yeti.

Yeti has a variety of customers, but I would say the most focused on customers are the adventurous customers. Some other customers include vacationers and customers who live in southern states for fishing and very warm weather. Yeti does not only sell their products in southern states as some of their products are tailored to northern states with their hiking and camping accessories or coolers. Yeti has done a great job of branding themselves in many different sectors, so they do not limit themselves on only a certain area of the United States. Yeti has become a countrywide company since

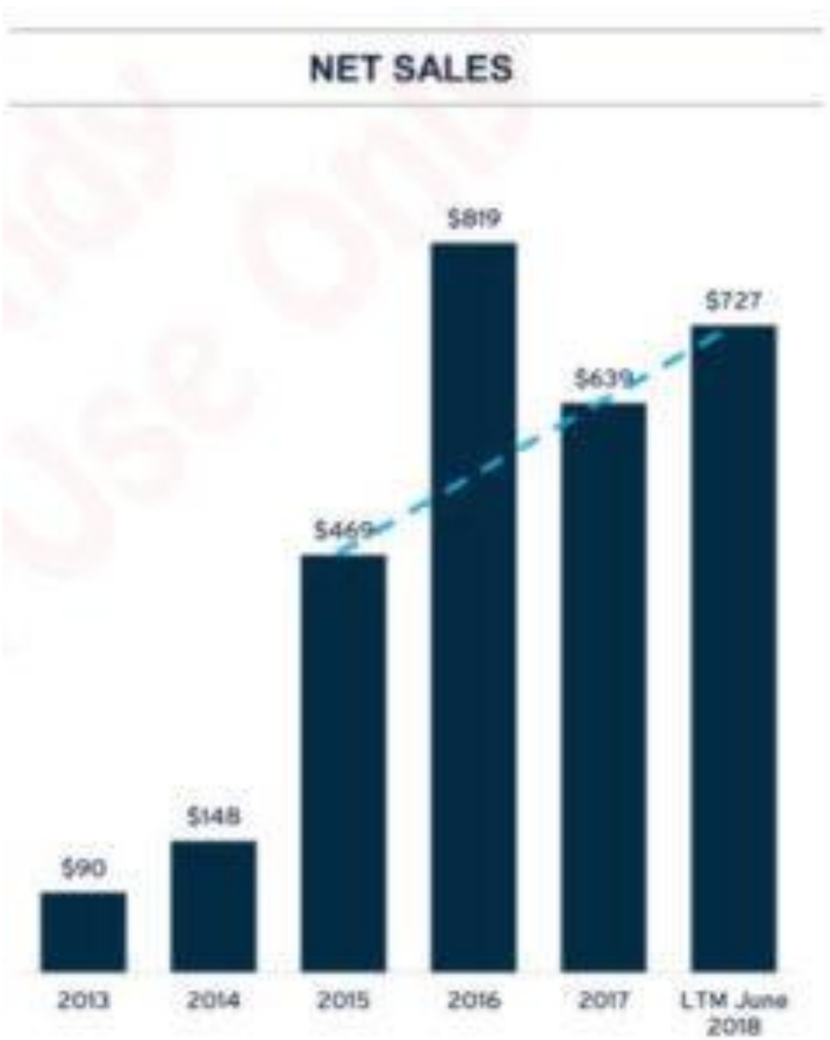
they have been able to expand to other adventurous activities other than fishing, like: hiking, camping, sporting events, and the everyday vacationer or family event.

Yeti was founded in 2006 and their main product was the cooler. Their main business objective was, "to build a cooler you'd use every day if it existed". They wanted to make a durable and withstanding cooler that would last you a lifetime and any treacherous conditions you may experience. The Yeti cooler can is waterproof and has the ability to be used as a seat to take a deserved break. Yeti's coolers are also designed to keep ice and drinks cold for up to twenty-four hours. This has been proven that the ice will not melt while in a Yeti cooler! Yeti has far surpassed expectations of building a durable cooler that you can use for any occasion in my mind. This is part of the reason I think they are a great investment. Yeti has such a rich history of being started by brothers and having a dream of building a cooler that can withstand an adventure for everyday use. These coolers being built by adventurous people is what has led it to be such a huge success with a variety of customers. (Brothers pictured below)

Yeti has one main manufacturer and that is Dutchland. Dutchland is said to manufacture the best plastics for coolers. This information was not very easy to find because of how secretive Yeti is about how they make their coolers. I think Yeti has a right to be secretive because so far none of their competitors have been able to replicate a Yeti cooler.

Yeti has a few competitors when it comes to coolers and a few competitors for their individual drink chillers. As for competitors in the cooler industry they are: RTIC, Coleman, and Igloo. For the individual drink chiller competitors, they are: Tervis and Hydroflask. Yeti has been dominating their competitors in the cooler sector because of how durable and how expansive they are with their coolers. In the individual drink chiller sector, they lag behind a little bit due to not selling one with a water bottle design like Tervis or Hydroflask. The main component of their individual drink chillers is to keep a singular drink cold and not just the liquid like you would use to fill up a water bottle. Yeti continues to dominate the cooler industry and is slowly gaining ground in their other sectors.

The business cycle for Yeti is seeing a heavy increase in revenue during the summer months and springtime. This could be because of people starting to travel more and be more adventurous since the weather is nicer at these times. Also, Yeti is a southern based company so this may have an effect as well. Yeti began to expand to tumblers and clothing within the past 3 years due to increased revenue from their coolers and they decided to reinvest into expansion and new inventory which is extremely smart and something you love to see as an investor. The business cycle does cool off a little in the winter, but it is still steady which is impressive.



PESTEL Analysis:

Using the PESTEL analysis we can break down the different aspects of the types of environments that may affect Yeti and their business. First, we will start with the political aspects. There are some political factors that would affect Yeti and their business, especially with Joe Biden in office. Biden would like to impose a $15 minimum wage, which would mean lowering profits if you had to hire more workers, or even worse maybe not hiring at all to escape those extra costs. Another possible political factor would be trade barriers with other countries. This could affect the suppliers that Yeti gets their plastics from because it could be more expensive to import and export plastics. This could affect Yeti because they may have to pay more for their higher quality plastics and then have to increase the prices on their products. One of the last political factors I will go over is higher corporate taxes. With these possible higher taxes, Yeti cannot maximize their profits to the highest level. There are more political factors, but I wanted to focus on the factors that Yeti May have to endure.

Next, we will be looking at the economic factors that could impact Yeti business. One of the factors is interest rates, and this could affect Yeti because with how high interest rates are they could see more gains through investments and less people are willing to borrow money right now in the economic climate. The stock market is another factor that could impact Yeti. Considering that Yeti is a public company and their stock sits at around $86-$88, this is good because it means people like Yeti as a company, and they are willing to trust in them producing revenue and net income for years to come. If Yeti offers stock options this could influence people to come work for them because they see a bright future in the company and they will get discounts on stock. Also, when the market is good that means business is good as well.

Exchange rates are also a big economic factor when it comes to Yeti. Yeti gets some of their materials overseas, so if exchange rates increase than Yeti may have to pay more for their products. This would involve in Yeti increasing their prices. Stability of our currency also has effects on this and since our currency isn't as strong right now then this may mean Yeti may outsource some of their business. This has more effect on business than you would think, especially for Yeti.

Unemployment rate affects Yeti because since there is a high unemployment rate right now people will be willing to work for less because they want stability and benefits of a job. This allows Yeti to lay some employees lower wages and possibly even hire more people to work.

The next aspect of this strategy is the social aspect. First, I will discuss the age, gender, and demographic. The age for clothing and tumblers at Yeti would be from ages 12-70 years old and 21-65 for the coolers. Yeti is tailored to both genders with different colors and sizes for women in clothes. The people who mostly buy Yeti products are the adventurous and the vacationers who love to travel. This goes for all Yeti products as well. Yeti produces middle class to high class products based on the prices of their products. The prices on Yeti products are high because they are made from durable materials and they are very long-lasting products.

The next analysis will be technology to discuss. The design is very important in technology. The design can be influenced by competitors and making your product easier and more efficient to use for customers. The design of Yeti is to make is to make their coolers the most durable and best at keeping ice cold for the longest. The design of their clothing and other tumblers is to be durable for their adventures and keep ice cold as well.

Next, we will talk about costs of technology. The costs of technology really can affect the price of products and that is why Yeti products are so expensive, considering they use the most durable plastics to make their coolers. This is also true in how they make their clothing and tumblers as well to ensure durability for the most adventurous consumers.

Improvements are also a part of the technology advances. Improvements can be made in the way you make a new cooler, improving the fabric you make your clothes with, and the steel you use for your tumblers. Mostly, I will talk about how to advance with coolers. They can make their coolers lighter, more durable, add straps, add wheels, and figure out how to make your drinks colder longer.

Now, we will move onto the environment sector. Yeti is a good company for the environment in the fact they use recyclable and responsibility sourced materials into their products. Also, their coolers and tumblers keep ice cold for 24 hours which is good for the environment so they can reuse ice more often and not continue to buy.

The last analysis would be the legal side. Some laws I thought Yeti would have to look into would be hiring laws and warehouse safety laws. They must keep the warehouse up to date with the newest safety precautions and restrictions. They must also make sure they are treating their employees fairly and benefits are up to date. Yeti also required lawyers because they have patents on their coolers and other resources. Overall, using the PESTEL analysis is very helpful to dive deeper into the many factors a company must consider and tactics they use to be successful.

The industry of coolers and tumblers will always be sustained because of how easy and good for the environment coolers and tumblers are. Also, Yeti is continuing to improve and innovate all of their products. Every year they continue to enhance their coolers, and this will sustain them and the industry for years to come.

Porters Five Forces:

New entrants in this industry are entering all the time. It is relatively easy to enter into this industry as long as you have an innovative product that is different and not many customers have seen. This industry is either about making very quality products or making cheap products that are easily disposable. Yeti has such a dominant marketplace in this sector that it will be very tough to overcome them, but it does not mean that new entrants cannot enter the market at any time.

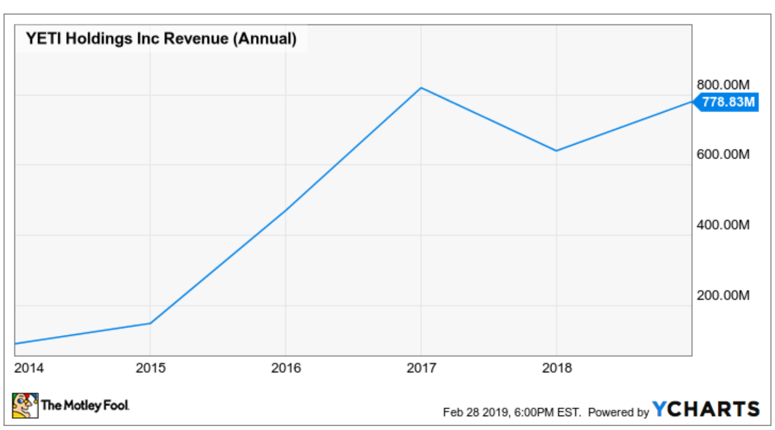
The bargaining power of buyers in this industry don't have too much power in my opinion because there are a lot of designs out there, so they just have to find one for them. Also, this business has many competitors in this business, so it is very easy to compete in this market. The buyers in this market can very easily change brands if they want a cheaper option because some of the lower-level brands pretty much act the same and at that point you are just focused on price.

Bargaining power of suppliers: suppliers in this market have a lot of power due to the fact that hard, durable plastics and such plastics could be priced at a monopoly. The suppliers can control how much they sell for and when or if they increase the price. The companies also must pay the price because they have a reputation of selling good quality and durable coolers. Suppliers of good durable plastics are in very high demand especially in the cooler business, so suppliers have a huge leg up on the businesses.

Threat of substitutes: customers can switch very easily to an alternate brand because in some consumers' minds, as long as it keeps drinks cold that's all they need. Some customers just want a cheap cooler that will get the job done and throw it out in a week. Most consumers switch for price reasons and not because it keeps their drinks too cold. Some customers are very loyal to one specific brand and will only buy that one brand.

Competitive rivalry: the competitors with Yeti are RTIC, Coleman, Igloo, Tervis, and Hydroflask. The cooler market size has increased in value every year and is expected to see a 6.4% CAGR from 2018-2025. At the top of the cooler market are Yeti and Tervis right now. Tervis is mostly near the top due to their tumblers, while Yeti is known for coolers.

The company has a very good relative position within the industry and a great strategy. Yeti's revenue increased by 7% to 247 million over the second quarter in 2019. Yeti is among the top earners



in the cooler industry and covid surprisingly helped them. Yeti's strategy is to push for their coolers to be extremely durable and ready for any adventure their customer will take them on. Yeti has continued to improve revenue and share price over the years which is why I see them as a good investment opportunity.

Yeti is a fairly new company when it comes to its initial public offering. Below you will find an income statement and balance sheet of the most recent five years for Yeti.

<u>Yeti Income Statement and Balance Sheet:</u>

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December. All values USD Thousands.

	2020	2019	2018
Cash & Short Term Investments	253,283.0	72,515.0	80,051.0
Cash Only	253,283.0	72,515.0	80,051.0
Cash & Short Term Investments Growth	249.28%	-9.41%	49.21%
Cash & ST Investments / Total Assets	34.36%	11.52%	14.94%
Total Accounts Receivable	65,417.0	82,688.0	59,328.0
Accounts Receivables, Net	65,417.0	82,688.0	59,328.0
Accounts Receivables, Gross	66,717.0	82,688.0	59,428.0
Bad Debt/Doubtful Accounts	(1,300.0)	-	(100.0)
Accounts Receivable Growth	-20.89%	39.37%	-11.65%
Accounts Receivable Turnover	16.69	11.05	13.13
Inventories	140,111.0	185,700.0	145,423.0
Finished Goods	140,111.0	185,700.0	145,423.0
Other Current Assets	17,686.0	19,644.0	12,211.0
Prepaid Expenses	12,607.0	16,426.0	-
Miscellaneous Current Assets	5,079.0	3,218.0	12,211.0
Total Current Assets	476,497.0	360,547.0	297,013.0
Net Property, Plant & Equipment	112,165.0	120,378.0	74,097.0

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Net Property, Plant & Equipment	112,165.0	120,378.0	74,097.0
Property, Plant & Equipment - Gross	205,109.0	191,421.0	121,654.0
Machinery & Equipment	60,331.0	56,375.0	45,614.0
Leases	1,208.0	1,208.0	-
Computer Software and Equipment	63,343.0	52,930.0	41,209.0
Other Property, Plant & Equipment	46,137.0	43,140.0	34,831.0
Accumulated Depreciation	92,944.0	71,043.0	47,557.0
Intangible Assets	146,371.0	145,143.0	134,312.0
Net Goodwill	54,293.0	54,293.0	54,293.0
Net Other Intangibles	92,078.0	90,850.0	80,019.0
Other Assets	972.0	2,389.0	1,014.0
Tangible Other Assets	972.0	2,389.0	1,014.0
Total Assets	737,067.0	629,539.0	535,995.0
Assets - Total - Growth	17.08%	17.45%	0.99%
Asset Turnover	1.60	-	-
Return On Average Assets	22.80%	-	-

+ Liabilities & Shareholders' Equity

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Thousands.	2020	2019	
ST Debt & Current Portion LT Debt	30,944.0	22,953.0	43,6
Short Term Debt	8,247.0	7,768.0	
Current Portion of Long Term Debt	22,697.0	15,185.0	43,6
Accounts Payable	123,621.0	83,823.0	68,7
Accounts Payable Growth	47.48%	21.95%	70
Other Current Liabilities	133,194.0	63,536.0	74,9
Accrued Payroll	25,810.0	18,119.0	15,5
Miscellaneous Current Liabilities	107,384.0	45,417.0	59,4
Total Current Liabilities	287,759.0	170,312.0	187,3
Current Ratio	1.66	2.12	
Quick Ratio	1.17	1.03	
Cash Ratio	0.88	0.43	
Long-Term Debt	147,563.0	323,915.0	284,3
Long-Term Debt excl. Capitalized Leases	110,264.0	280,765.0	284,3
Non-Convertible Debt	110,264.0	280,765.0	284,3
Capitalized Lease Obligations	753.0	950.0	
Deferred Taxes	(1,062.0)	(1,082.0)	(7,7
Deferred Taxes - Credit	-	-	21,7

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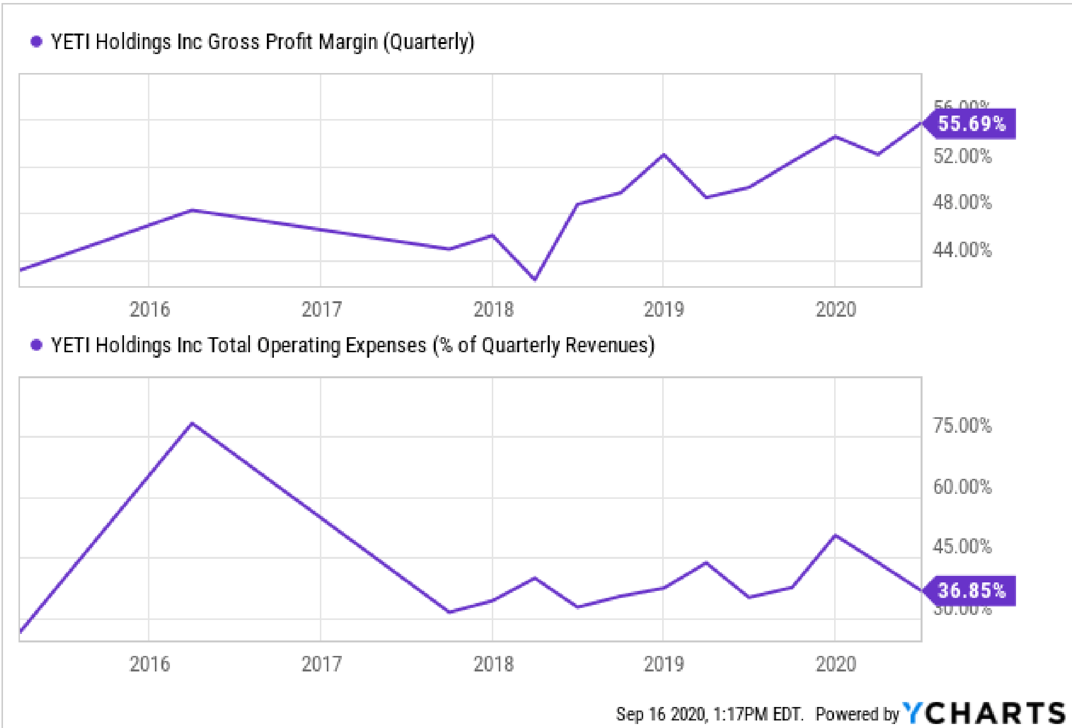
Deferred Taxes	(1,062.0)	(1,082.0)	(7,7
Deferred Taxes - Credit	-	-	21,7
Deferred Taxes - Debit	1,062.0	1,082.0	29,5
Other Liabilities	13,327.0	13,307.0	13,5
Other Liabilities (excl. Deferred Income)	13,327.0	13,307.0	13,5
Total Liabilities	448,649.0	507,534.0	507,0
Total Liabilities / Total Assets	60.87%	80.62%	94
Common Equity (Total)	288,418.0	122,005.0	28,9
Common Stock Par/Carry Value	871.0	868.0	8
Additional Paid-In Capital/Capital Surplus	321,678.0	310,678.0	268,3
Retained Earnings	(33,744.0)	(189,545.0)	(240,1
Cumulative Translation Adjustment/Unrealized For. Exch. Gain	(387.0)	4.0	(9
Common Equity / Total Assets	39.13%	19.38%	5
Total Shareholders' Equity	288,418.0	122,005.0	28,9
Total Shareholders' Equity / Total Assets	39.13%	19.38%	5
Accumulated Minority Interest	-	-	
Total Equity	288,418.0	122,005.0	28,9
Liabilities & Shareholders' Equity	737,067.0	629,539.0	535,9


YETI Holdings Inc Gross Profit Margin (Quarterly)
55.69%
52.00%
48.00%
44.00%
2016
2017
2018
2019
2020
YETI Holdings Inc Total Operating Expenses (% of Quarterly Revenues)
75.00%
60.00%
45.00%
36.85%
2016
2017
2018
2019
2020
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2019	2018	2017	2016	5-year trer
515.0	80,051.0	53,650.0	21,291.0	
515.0	80,051.0	53,650.0	21,291.0	
9.41%	49.21%	151.98%	-	
1.52%	14.94%	10.11%	3.87%	
588.0	59,328.0	67,152.0	37,204.0	
588.0	59,328.0	67,152.0	37,204.0	
588.0	59,428.0	67,252.0	37,704.0	
-	(100.0)	(100.0)	(500.0)	
9.37%	-11.65%	80.50%	-	
11.05	13.13	9.52	22.01	
700.0	145,423.0	175,098.0	246,119.0	
700.0	145,423.0	175,098.0	246,119.0	
544.0	12,211.0	7,134.0	26,396.0	
426.0	-	-	-	
218.0	12,211.0	7,134.0	26,396.0	
547.0	297,013.0	303,034.0	331,010.0	
378.0	74,097.0	73,783.0	47,090.0	

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421.0	121,654.0	101,706.0	60,533.0	
375.0	45,614.0	41,188.0	22,766.0	
208.0	-	26,154.0	9,182.0	
930.0	41,209.0	28,774.0	20,207.0	
140.0	34,831.0	5,590.0	8,378.0	
043.0	47,557.0	27,923.0	13,443.0	
143.0	134,312.0	128,595.0	138,464.0	
293.0	54,293.0	54,293.0	50,683.0	
350.0	80,019.0	74,302.0	87,781.0	
389.0	1,014.0	1,011.0	6,166.0	
389.0	1,014.0	1,011.0	6,166.0	
539.0	535,995.0	530,734.0	550,299.0	
7.45%	0.99%	-3.56%	-	
-	-	-	-	
-	-	-	-	

2019	2018	2017	2016	5-year
22,953.0	43,638.0	47,050.0	45,550.0	


YETI Holdings Inc Price % Change
YETI Holdings Inc Revenue (Quarterly) % Change
181.7%
160.0%
80.00%
19.71%
0.00%
-80.00%
Jul '18
Jan '19
Jul '19
Jan '20
Jul '20
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2019	2018	2017	2016	5-year
22,953.0	43,638.0	47,050.0	45,550.0	
7,768.0	-	-	-	
15,185.0	43,638.0	47,050.0	45,550.0	
83,823.0	68,737.0	40,342.0	19,379.0	
21.95%	70.39%	108.17%	-	
63,536.0	74,963.0	64,506.0	72,936.0	
18,119.0	15,551.0	6,364.0	6,918.0	
45,417.0	59,412.0	58,142.0	66,018.0	
170,312.0	187,338.0	151,898.0	137,865.0	
2.12	1.59	1.99	2.40	
1.03	0.81	0.84	0.62	
0.43	0.43	0.35	0.15	
323,915.0	284,376.0	428,632.0	491,688.0	
280,765.0	284,376.0	428,632.0	491,688.0	
280,765.0	284,376.0	428,632.0	491,688.0	
950.0	-	-	-	
(1,082.0)	(7,777.0)	(10,004.0)	(13,377.0)	
-	21,782.0	14,307.0	14,192.0	

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1,082.0	29,559.0	24,311.0	27,569.0	
13,307.0	13,528.0	12,128.0	1,655.0	
13,307.0	13,528.0	12,128.0	1,655.0	
507,534.0	507,024.0	606,965.0	645,400.0	
80.62%	94.59%	114.36%	117.28%	
122,005.0	28,971.0	(76,231.0)	(97,287.0)	
868.0	842.0	2,054.0	2,051.0	
310,678.0	268,327.0	217,856.0	210,237.0	
89,545.0)	(240,104.0)	(296,184.0)	(309,575.0)	
4.0	(94.0)	43.0	-	
19.38%	5.41%	-14.36%	-17.68%	
122,005.0	28,971.0	(76,231.0)	(97,287.0)	
19.38%	5.41%	-14.36%	-17.68%	
-	-	-	2,186.0	
122,005.0	28,971.0	(76,231.0)	(95,101.0)	
629,539.0	535,995.0	530,734.0	550,299.0	

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Fiscal year is January-December. All values USD Millions.	2020	2019	2018	2017	2016
Sales/Revenue	1,092	914	779	639	819
Sales Growth	19.48%	17.32%	21.84%	-21.94%	-
Cost of Goods Sold (COGS) incl. D&A	463	444	420	365	417
COGS excluding D&A	432	415	396	345	405
Depreciation & Amortization Expense	31	29	25	21	12
Depreciation	25	23	19	15	6
Amortization of Intangibles	6	6	5	5	5
COGS Growth	4.21%	5.65%	15.07%	-12.29%	-
Gross Income	629	470	358	274	402
Gross Income Growth	33.93%	31.02%	30.87%	-31.93%	-
Gross Profit Margin	57.60%	-	-	-	-
SG&A Expense	414	380	256	210	314
Research & Development	11	21	11	-	-
Other SG&A	402	359	245	210	314
SGA Growth	8.89%	48.22%	22.08%	-33.18%	-
EBIT	215	90	102	64	88
Unusual Expense	1	-	-	-	-
Non Operating Income/Expense	0	(1)	(1)	1	(1)
Interest Expense	9	22	31	33	22
Interest Expense Growth	-57.96%	-30.37%	-4.07%	50.40%	-
Gross Interest Expense	9	22	31	33	22
Pretax Income	205	67	70	32	65
Pretax Income Growth	205.10%	-3.39%	117.15%	-50.89%	-
Pretax Margin	18.80%	-	-	-	-
Income Tax	49	17	12	17	16
Income Tax - Current Domestic	53	2	10	8	37

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Income Tax	49	17	12	17	16
Income Tax - Current Domestic	53	2	10	8	37
Income Tax - Current Foreign	1	1	0	0	-
Income Tax - Deferred Domestic	(4)	14	2	9	(21)
Income Tax - Deferred Foreign	(0)	(0)	(0)	(0)	-
Consolidated Net Income	156	50	58	15	49
Minority Interest Expense	-	-	-	-	1
Net Income	156	50	58	15	48
Net Income Growth	208.92%	-12.69%	275.06%	-67.90%	-
Net Margin	14.27%	-	-	-	-
Net Income After Extraordinaries	156	50	58	15	48
Net Income Available to Common	156	50	58	15	48
EPS (Basic)	1.77	0.58	0.69	0.18	0.57
EPS (Basic) Growth	203.65%	-15.54%	275.67%	-67.90%	-
Basic Shares Outstanding	87	85	82	84	84
EPS (Diluted)	1.77	0.58	0.69	0.18	0.57
EPS (Diluted) Growth	203.65%	-15.55%	275.64%	-67.90%	-
Diluted Shares Outstanding	88	86	84	84	84
EBITDA	246	119	127	85	100
EBITDA Growth	107.04%	-6.46%	49.80%	-15.16%	-
EBITDA Margin	22.52%	-	-	-	-
EBIT	215	90	102	64	88

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Edition

English

One thing that we have noticed right away is that their cash is increasing every year by a huge amount. It seems as they have been holding more cash and holding off on short term investments over the five years. Yeti seems to be holding off of making more investments as the company ages because we think that they have established themselves enough to where they can focus on production and profits more. Inventory has decreased over the five years which could be from less people buying their products or since they don't make a ton of products it could be because they are mostly focusing on coolers. Current assets and long-term assets have drastically increased over the five years on the balance sheet. This is most likely due to the fact that they have added more products that they sell and increased their product lines. Also, they keep adjusting their coolers to make sure they are still up to date with today's technology. With the steady growth that Yeti has seen also comes with an increase of current liabilities over the years because of adding more products and adding more stores to their business line. Long-term debt for Yeti has decreased a lot considering they are making a profit and can pay down debt to creditors and investors. Equity has been increasing over the years for Yeti and this may be a good sign considering their stock is sitting around $81 to date. One thing that is interesting that we saw was that they continue to hire more employees each year. This is a good sign as an investor because it shows that they are willing to expand, and they are bringing in enough revenue to consistently add new employees to make business easier.

The operating income for Yeti has decreased over a few years but is back up over the recent two years. We feel like the pandemic definitely hindered Yeti because not many people were vacationing, so nobody really wanted to buy coolers and vacation gear. The revenues have increased but more importantly the gross profit for Yeti has increased over the years. Yeti has low research and development expenses mostly because they do not need to add too much year in and year out to their coolers. The net income has increased, especially in the recent year. We find this increase due to Covid-

19 and how people want to travel more because they realized how much they missed it. Cooler sales increased most likely due to the fact that travel will begin to ramp up again due to lowering Covid cases.

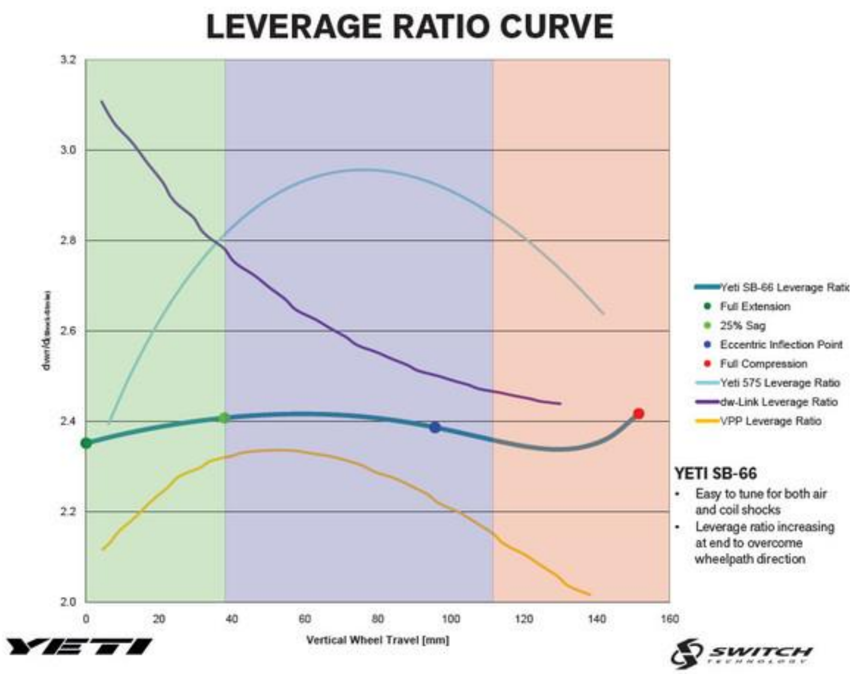
Overall, Yeti shows great signs of improving in the future considering in many of their categories they have increased and in the liabilities they have decreased. Also, a main factor is that they have increased their earnings per share for shareholders over the past three years, which encourages many more to buy into their stock with consistent increased performance.

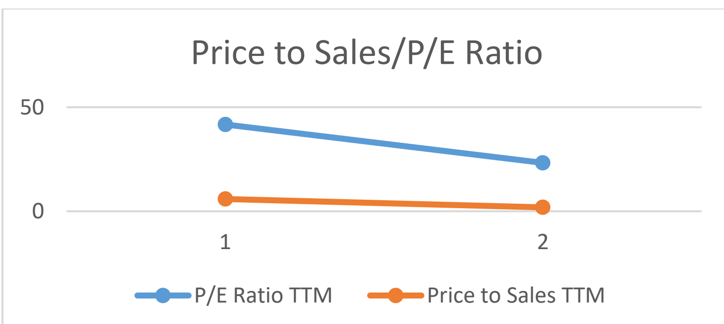
Below, are the key financial ratios of Yeti compared to the industry average of the ratios. These ratios help us determine how efficiently Yeti uses its assets, equity, investments, debt, and how quickly they turnover inventory and how quickly they use their money.

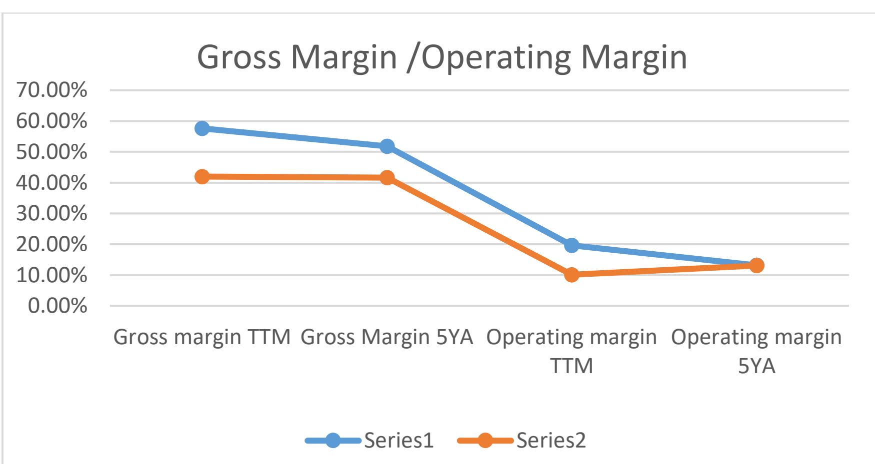
	Yeti	Industry Average
P/E Ratio TTM	41.69	23.28
Price to Sales TTM	5.89	1.88
Gross margin TTM	57.60%	41.97%
Gross Margin 5YA	51.76%	41.65%
Operating margin TTM	19.62%	10.12%
Operating margin 5YA	13.16%	13.04%
Revenue/Share TTM	12.43	33.65
Basic EPS ANN	1.79	2.86
Diluted EPS ANN	1.77	2.82
Book Value/Share MRQ	3.31	10.86
Return on Equity TTM	75.92%	26.13%
Return on Equity 5YA	149.97%	28.19%
Return on Assets TTM	22.80%	8.74%
Return on Assets 5YA	12.20%	10.10%
Return on Investment TTM	34.30%	11.95%
Return on Investment 5YA	17.54%	14.65%
Quick Ratio MRQ	1.17	1.56
Current Ratio MRQ	1.66	2.19
LT Debt to Equity MRQ	38.49%	139.76%
Total Debt to Equity MRQ	46.36%	164.06%
Asset Turnover TTM	1.6	1.14
Inventory Turnover TTM	2.84	4.87

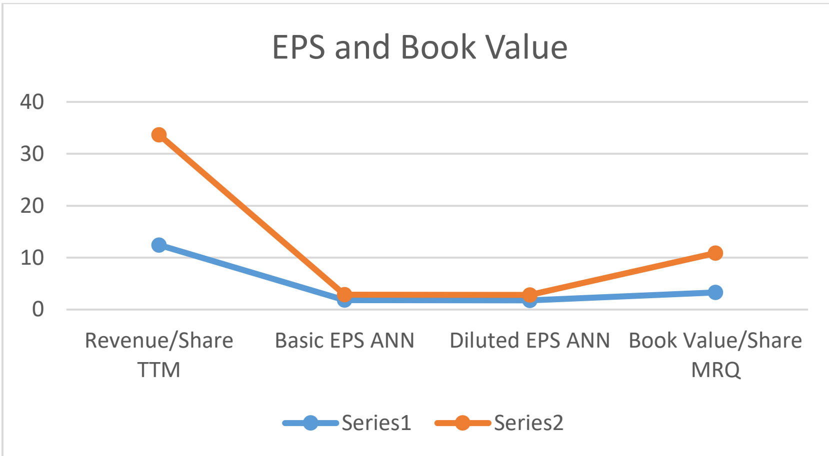
Below, you will see many different graphs of ratios and how Yeti compares to the rest of the industry. Yeti is in the blue and the industry average is in the orange.

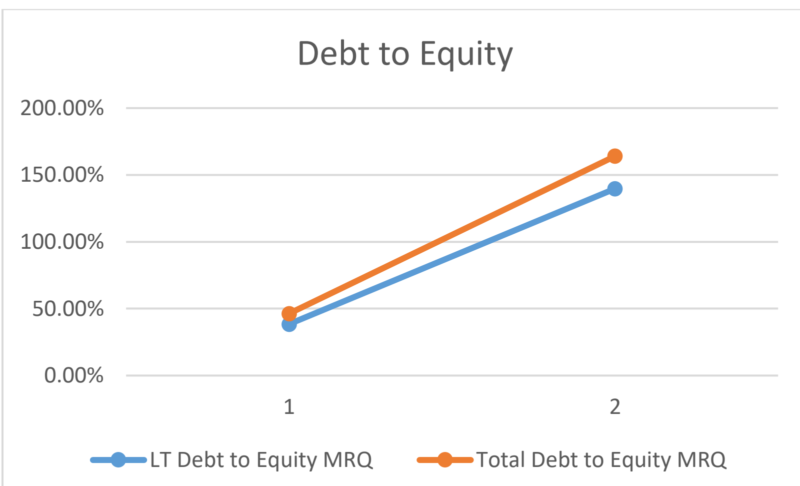
<u>Ratios and Leverage:</u>

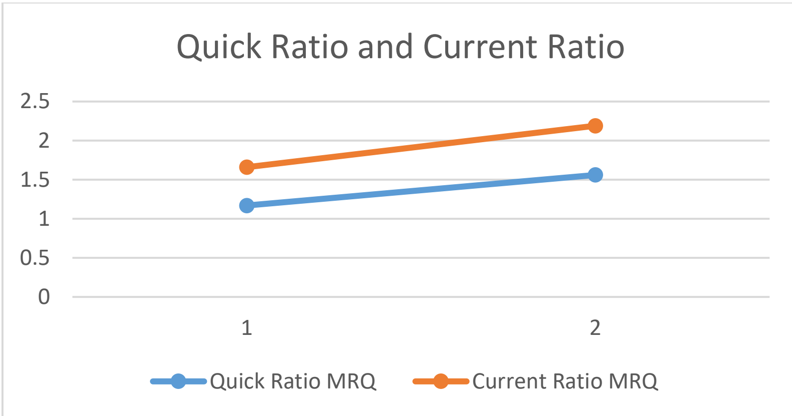

LEVERAGE RATIO CURVE
3.2
3.0
2.8
2.6
2.4
2.2
2.0
0
20
40
60
80
100
120
140
160
Vertical Wheel Travel [mm]
Yeti SB-66 Leverage Rati
Full Extension
25% Sag
Eccentric Inflection Point
Full Compression
Yeti 575 Leverage Ratio
dw-Link Leverage Ratio
VPP Leverage Ratio
YETI SB-66
Easy to tune for both air and coil shocks
Leverage ratio increasing at end to overcome wheelpath direction
YETI
SWITCH TECHNOLOGY

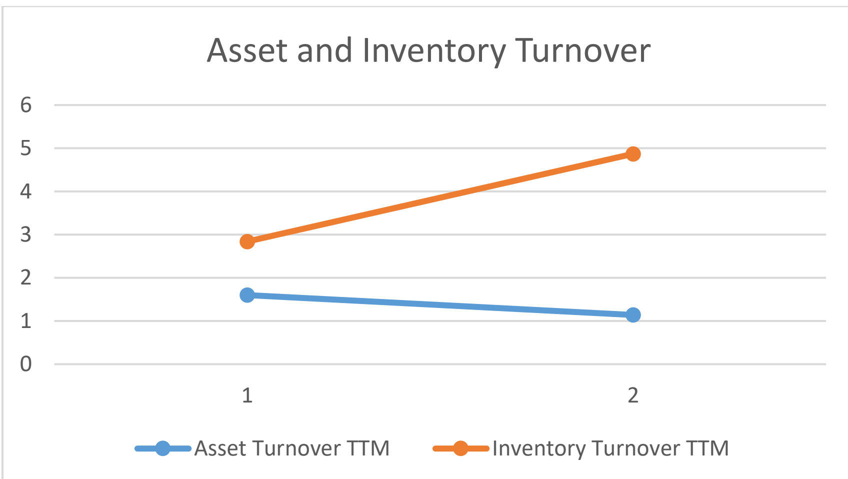

Price to Sales/P/E Ratio
50
0
1
2
P/E Ratio TTM
Price to Sales TTM

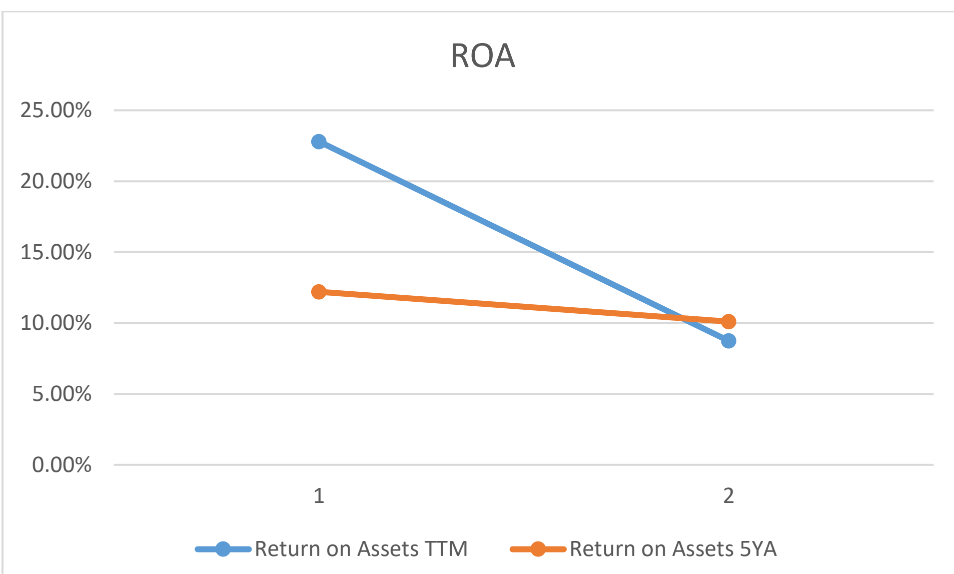

Gross Margin /Operating Margin
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
Gross margin TTM
Gross Margin 5YA
Operating margin TTM
Operating margin 5YA
Series1
Series2

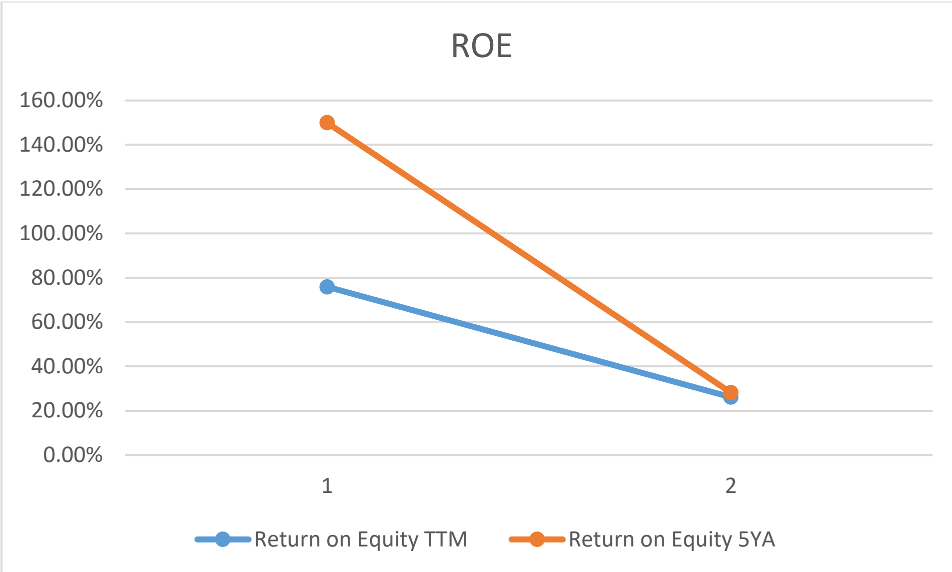

EPS and Book Value
40
30
20
10
0
Revenue/Share TTM
Basic EPS ANN
Diluted EPS ANN
Book Value/Share MRQ
Series1
Series2

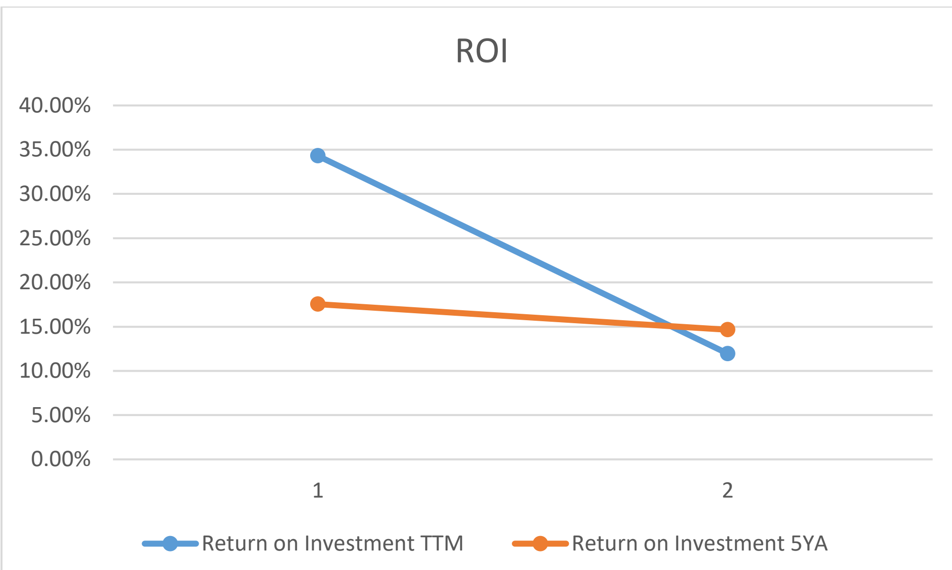

Debt to Equity
200.00%
150.00%
100.00%
50.00%
0.00%
1
2
LT Debt to Equity MRQ
Total Debt to Equity MRQ


Quick Ratio and Current Ratio
2.5
2
1.5
1
0.5
0
1
2
Quick Ratio MRQ
Current Ratio MRQ


Asset and Inventory Turnover
6
5
4
3
2
1
0
1
2
Asset Turnover TTM
Inventory Turnover TTM


ROA
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
1
2
Return on Assets TTM
Return on Assets 5YA





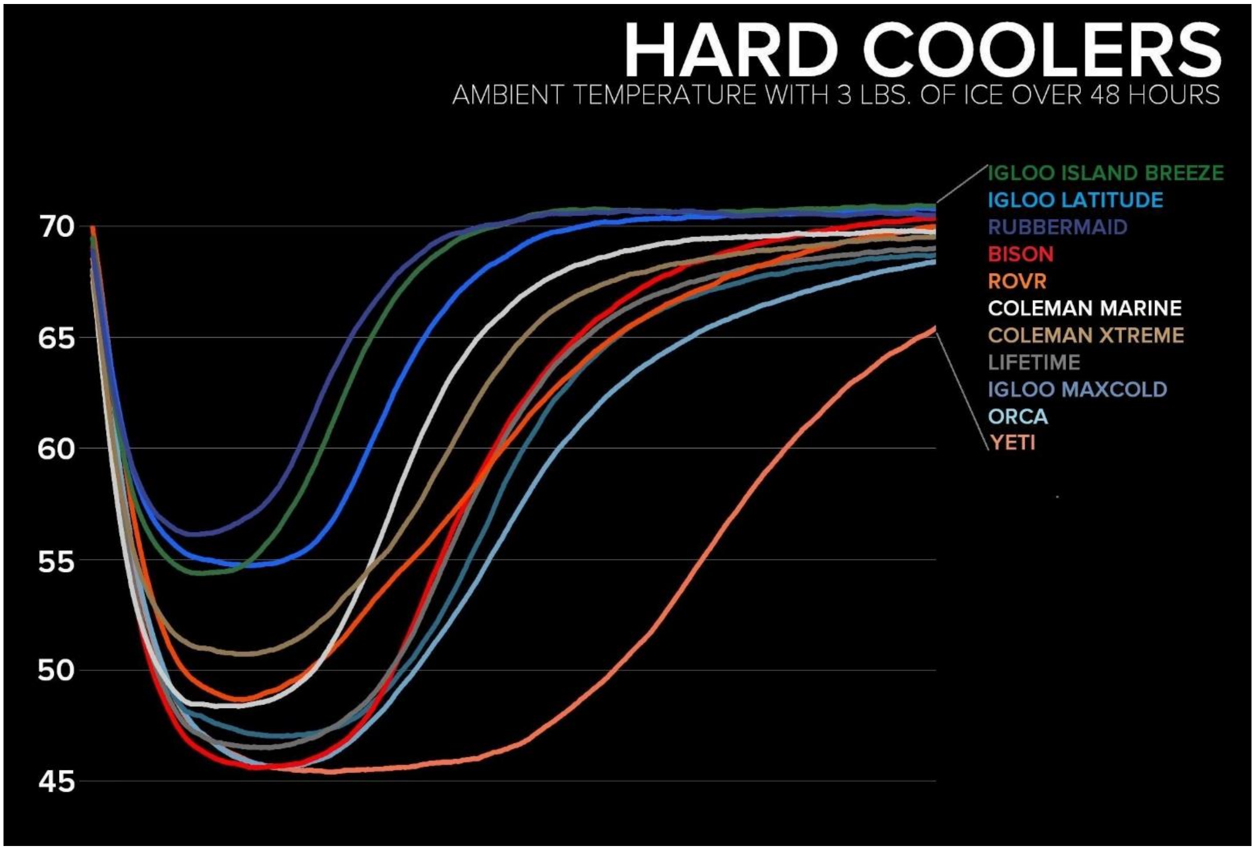
Market Comparable:

Yeti is a very strong company compared to its competitors in the market. The competitors of this industry have relatively low margins compared to Yeti and its outstanding margins. Yeti has margins that are higher than the rest of the industry in almost every category. Yeti has run away with the cooler aspect of their competition considering they make their coolers out of hard plastics that keep ice colder for longer and they are very durable and portable. The advantage of using this method to compare companies is that you get to see the industry averages and compare it to other competitors to see how you compare to them. Using this theory also easily allows us to reasonable value our company that we are comparing. You can also see how the market is pricing the other competitors to see how your company fairs with its competitors. One of the final things is that it is very easy to calculate, and it uses very widely available data.

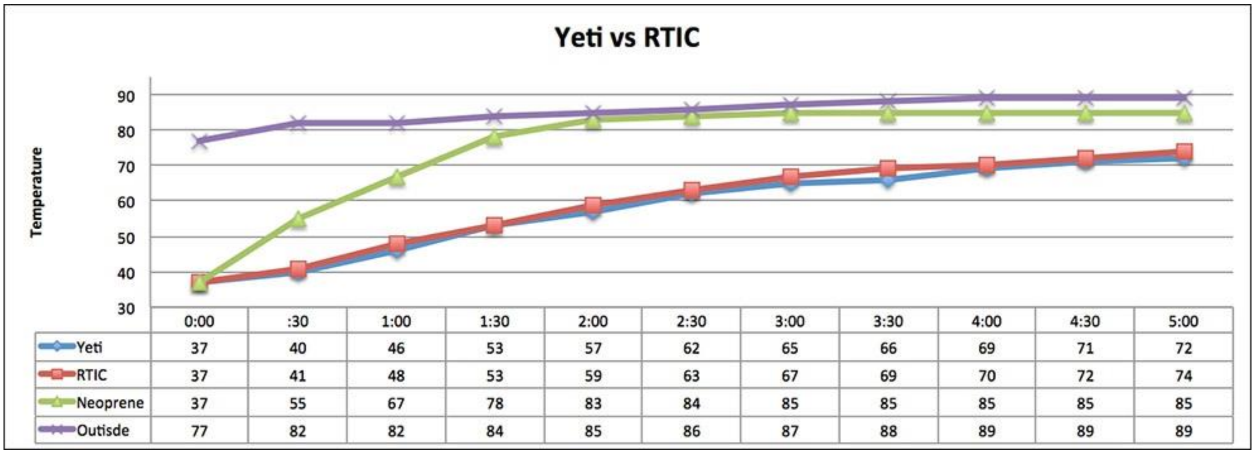
We chose to select RTIC, Coleman, Igloo, Tervis, and Hydroflask as my peer groups to compare Yeti with and their financials. We chose these companies because all of these companies really specialize in making coolers and coolie cups for keeping drinks and ice cold. Companies like RTIC, Coleman and Igloo specialize in making coolers for their customers. While companies like Tervis and Hydroflask are more focused on making coolies and individual drink holders. Companies like these have been in the business of many years and have so much experience in the field while Yeti is relatively young, so we wanted a good range of old and young companies to compare stock price and values. Yeti has taken over the marketplace in this industry because of the products they continue to put out every year. Yeti has also branched out into the sportswear sector and is now trying to compete in that as well. This will definitely help them increase their shareholder value and increase earnings per share. This is a great acquisition in my opinion by Yeti.

One thing we really wanted to look at was the book value for Yeti. The book value for Yeti is 3.31 most recently compared to the rest of the industry around 10.86. We consider this a valuable book value and I think they still have tons of room to grow as a company. We chose this multiple because I think it is important to look a possible growth in the future, especially when you're talking about a stock price. We found these multiples according to the SEC Edgar website.

The return on equity for Yeti is unbelievable and way higher than the rest of the industry. This is due to the fact that they are always investing in expanding their product line and trying to make their lines better and bigger. Yeti has a return on equity of 75.92% while the rest of the industry has a 26.13% return. This is a huge gap and one of the reason Yeti can separate themselves in stock price value. This also helped them raise the capital to take their company public and provide an IPO.



As you can see from the picture above, Yeti compared to its competitors keeps ice colder over 48 hours. This is an important graph because it shows that Yeti coolers for a fact, keep ice colder than its competitors, and you can keep the ice longer in your Yeti. This graph is also great because it shows Igloo and Coleman, the main competitors I spoke about who compete heavily with Yeti in the cooler sector.

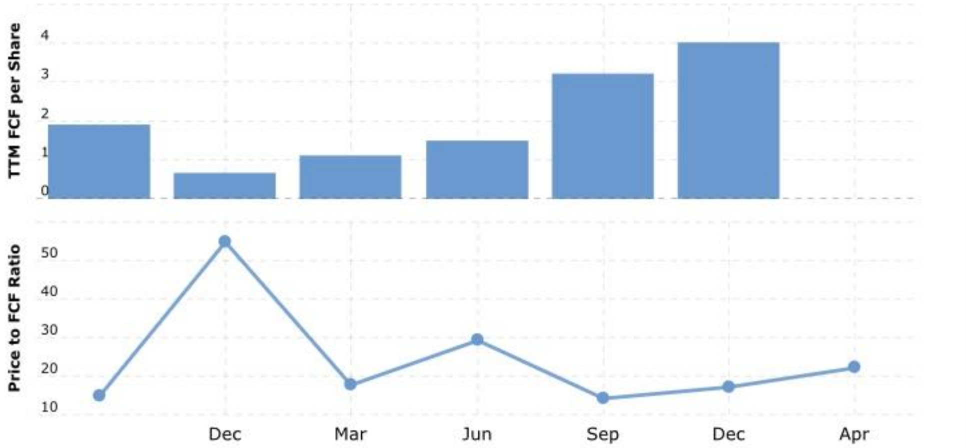


The above chart shows the difference in temperature between Yeti and RTIC with their tumblers. You can see by this that Yeti keeps your drink colder by around two degrees every thirty minutes compared to RTIC. This may not seem like a lot, but it still shows that Yeti is still beating its competitors in other sectors than just coolers, like tumblers.

The discounted cash flows method helps determine the present value of a company on how much money you think they will make in the future. This method shows how to estimate a value of an investment in the present by seeing its expected future cash flows. It also shows the expected cash flows you expect the company to have in the future and in the present. The discounted cash flow method is great at estimating a company's intrinsic value. This method has many advantages but one that sticks out is that can try and predict future expectations and cash flows of a business. This is a huge consideration when you talk about possibly investing in a stock like Yeti. Yeti is meant for long-term growth potential and this method is a huge advantage for Yeti. Using this method, you also don't have compare with other companies to get an idea of industry averages because you are just focused on one company. The last advantages are that it is an extremely detailed process, helps find the intrinsic value of a company, and you can come up with many major assumptions about a company from this method.

FCF Model:

Below you will see a model of the FCF for Yeti. This is a forecast for two quarters of the financial year. This forecast period was used because these are the busy months where Yeti pours a lot of their money into investments and new inventory.



In this discounted cash flow model below, you will see that using earnings before interest and taxes it was able to give a rough estimate of the stock price for Yeti. Also, you will see the discount rate and the potential upside with the company. Even though this number is negative this still does not define the stock, there is great growth potential in this company. Also shown below the discounted cash flow model is the forecast periods and expected revenue growths.

		Yeti		DCF
Discount Rate		9.5%-8.5%		9.00%
EBITDA		16x-18x		17x
Value		70.65-81.29		75.85
Upside		-19.500%		-13.50%

Enterprise and Terminal Value:

	Forecast	5Y					
			21-Jan	22-Jan	23-Jan	24-Jan	25-Jan
		Revenue	1092	1278	1446	1620	1820
		Growth	19.5	17.1	13.2	12	12.3
		EBITDA	245	291	336	376	427
		% Revenue	0.224358974	0.227699531	0.232365145	0.232098765	0.234615385

The terminal value below was determined by the growth rate being at 12.3% and the tax rate at 21%.

The cost of equity around 7.6% and 1.7% as a set governmental growth rate.

	Terminal Value	Billions
	FCFx(1+12.3) / (.21-12.3) = 269 (1+2%) / 7.6 - 2	4.72

Below, is presented the enterprise value for Yeti and the equity value per share. These are two very important factors in determining the intrinsic value of a company.

Debt to enterprise Value	0.03
Sales to enterprise Value	5.44
EBITDA to enterprise Value	23.98
Enterprise Value	6.8

Shares outstanding	87.24	Equity Value Per Share	7.794589638
Enterpris Value	6.8		

DCF and Sensitivity Analysis:

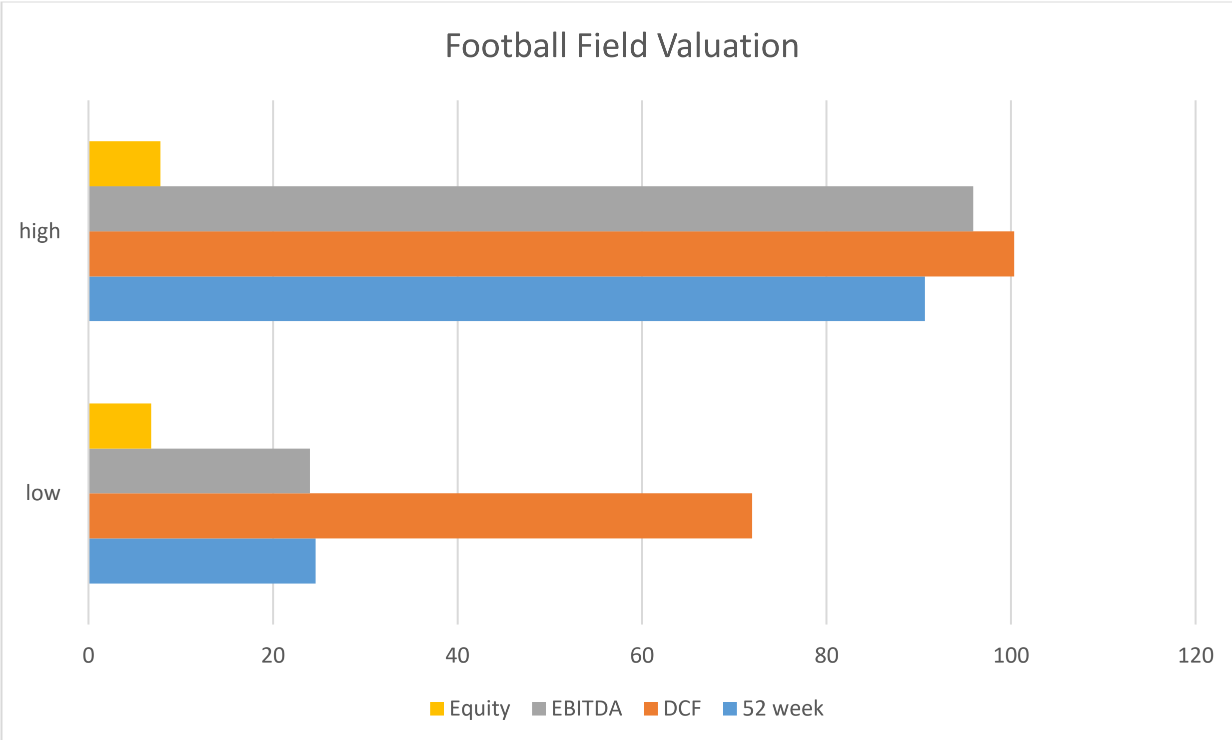
Sensitivity analysis shows us how target variables are affected by other variables in the business model. By doing this analysis you can see how a change in one variable will affect the change of another. This analysis can help you make predictions about a company's stock price. Also, pictured below you will see the weighted average cost of capital. Overall, you will see that Yeti has a weighted average cost of capital around 7.60%.

WACC	Beta	Cost Equity	Tax Rate	Debt
8.3	1.2-1.3	8.3-9.5	21%	4.4
9				
9.5				
7.60%				

Pictured below is the DCF and the sensitivity analysis results for Yeti:

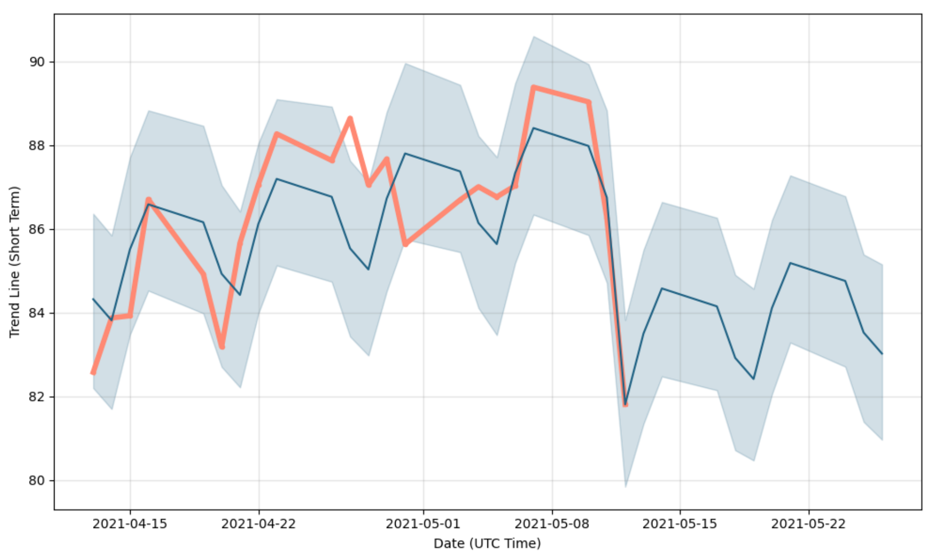
	Jan.21	22-Jan	23-Jan	24-Jan	25-Jan	26-Jan	
Revenue	1092	1278	1446	1620	1820	2027	
Growth (4%)	43.68	51.12	57.84	64.8	72.8	81.08	
Low	Mid	High					
Company LTM EBITDA Multiple		30.1x	30.1x	30.1x			
Benchmark LTM EBITDA Multiple		-18.9x	10.4x	106.6x			
Historical LTM EBITDA Multiple		14.3x	22.7x	30.1x			
Selected EBITDA Exit Multiple	498	15.6x	16.6x	17.6x			
Terminal Value	4% growth	7,766	8,263	8,761			
						Market Price	
Implied Fair Value		69.66	74.84	80.22		86.7	
Implied Exit Revenue Multiple	2,027	3.8x	4.1x	4.3x			
Implied Perpetuity Growth Rate	320	5.20%	4.90%	4.70%			

Football Field Valuation Chart:



Investment Recommendation:

We do see Yeti as an overvalued company as of now but a huge demand for their products. Yeti sits around $81 as of today and we see this increasing to around $100.35 with a possible low of $71.93. Below is a forecast of the next few months.



Based on the table above, we see Yeti as a strongly overvalued company but the surge in demand for their products makes it a buy until there is a correction with the whole market. If this stock is in your portfolio, I would buy a short of the stock with an exercise price at $77 due to market corrections to hedge against any risk if the stock is in your portfolio. Overall, we see Yeti as a strong buy with a target price of around $100 but for the time being we would short the stock with the exercise price at $77 due to market crashes and correction.


STOCK ANALYSIS
YETI

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