FIN 498 – CAPSTONE PROJECT

Full-Scale Valuation and Analysis

by: Alex Strain

Five Below, Inc.

NYSE: FIVE

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05/13/2022
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Five Below, Inc.

Per your request and by following directions included in the FIN 498 Capstone Project Instructions, I have completed the final report. This report includes a full-scale analysis and valuation of Five Below, Inc.. The following pages include the entirety of the FIN 498 Capstone Project Instructions. This includes an engagement letter, company overview, analysis of financial statements, company valuation using public comparables methodology, DCF calculations using the perpetuity method and exit multiple method, a sensitivity analysis, a football field valuation chart, and a final valuation chart.

The following data will be represented as of 12/31/2021.

I have valued Five Below, Inc. using diluted shares outstanding. I assume 100% of Five Below, Inc. throughout this report. I assume Five Below is a "going-concern" company meaning they will continue common operations year to year.

Five Below, Inc. is valued at $144.87. This valuation is based on market conditions at 12/31/2021. Five Below, Inc. is overvalued.

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Understanding the Business:

Five Below, Inc. is a company with a simple motive and a complex backstory. This discount store sells products up to $5, plus fewer exclusive products over $5. Without researching Five Below I would have never found out the interesting details behind the company. David Schlessinger and Tom Vellios founded Five Below, Inc. on October 4th, 2002. Their company began with a message written on a napkin. Which read- “Five Below means you can always say ‘yes’ to the trendiest coolest and high-quality stuff that you just gotta have.” The hardest part about sales is getting the “yes.” The “yes” means that you have successfully sold something to a consumer. For Five Below, the “yes” comes at a lower price than their competitors. The lower price will also be the largest struggle for Five Below. To be able to obtain trendy, cool, and high-quality items and sell them cheaper than other stores, Five Below must market near perfectly. “The ultimate kids’ brand” is what Five Below wished to become, and it is what they have become for some people. Their motto “let go & have fun” shows what Five Below is all about. They are all about giving kids the stuff they want for the best price. By carrying top brands that children enjoy, Five Below, Inc. has positioned themselves at an advantage relative to their competitors.

Five Below, Inc. Top Brands:

Five Below, Inc. Key Consumers:

Five Below targets children with their product selection and advertisements. Letting go & having fun are two things that children do the most and Five Below believes they can put kids in the best scenario to do this after shopping at their store.

Five Below, Inc. Key Suppliers:

Nearly 400 companies supply Five Below including Dongguan Quitian Plastics Co., Mit Lasertech Corp., Pretty Vina Co., Ningbo Flying Sky Imports & Exports Co., Kanglai Light Industries Products, Chic Foods Co., Thirumurugan Tex., Rams Assorted Cold Storage, and many others.

Five Below, Inc. Key Competitors:

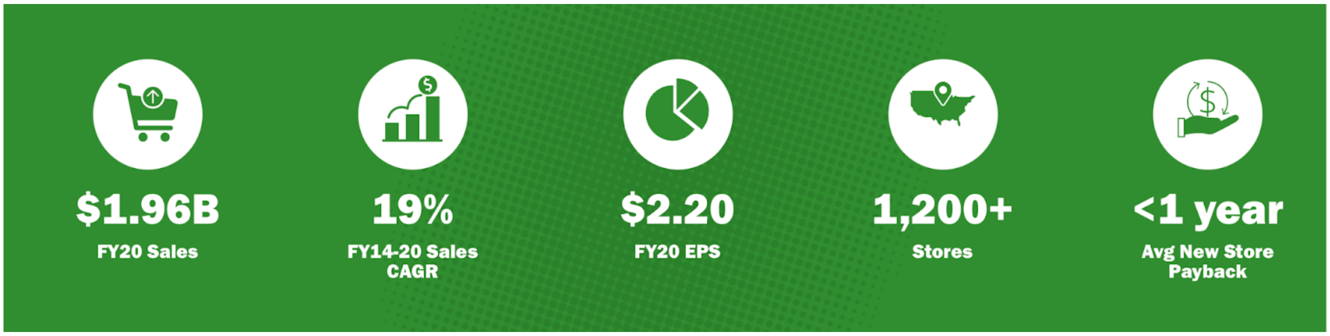
A few of Five Below's key competitors are Amazon.com, Inc., Best Buy Co., Inc., Target Corporation, Walmart Inc., Dollar General, and Dollar Tree, Inc.. Other competitors to be considered are discount stores valued around the same as Five Below, Inc. with a loyal consumer base.

Five Below, Inc. Business Cycle:

With over 1,000 stores in over 40 states, Five Below has rapidly grown since being founded 20 years ago. In the past decade alone, Five Below has opened five times more stores than they had before. This was part of an aggressive expansion plan to differentiate themselves where other discount stores had struggled. Their plan was a success and continues to be a success as they are doing better than ever. NYSE: FIVE has grown over 400% in the past 5 years. Five Below is continuing to open stores to maximize profits among their products.

Conclusion:

Since Five Below's IPO in 2012, they have repositioned themselves as a company. By naming Joel Anderson as CEO in 2014, Five Below put themselves in a position to exceed expectations. The 1,000th store was opened in 2020. Even through the most recent recession, Five Below has been able to maintain a steady increase in revenue from 2019 until present day. They had an 18% increase in revenue from 2019-2020 and a 6% increase in revenue from 2020-2021. The recession had an impact on Five Below, as it did with any company, but Five Below was able to show resilience and come out in a better position than many other companies.



PESTEL Analysis:

- *Political factors that influence Five Below, Inc.:*
  - Political environments impact the department and discount retail industry
    - There is instability approaching mid-term elections
    - In a time where world politics are array, investor and shareholders' trust may become erratic
  - Taxation
    - Increases in taxes affect spending and profitability within Five Below stores
  - Bureaucracy and interference within discount store retail
  - Trade regulations
    - Many Five Below products are not made in the US; trade regulations can heavily impact the ability for Five Below to sell their products at the appropriate levels of margin (profit margin)
  - Pricing regulations
    - Limited Five Below products priced $10 or below are placed within a different section of the store
      - This section is labeled the "Ten Below Gift Shop"
  - Wage legislations and employee benefits

    - Minimum wage continues to rise, along with other employee benefits plans, Five Below will struggle to keep their prices below $5
  - Product labeling and requirements for specialty retail
- *Economic factors that influence Five Below, Inc.:*
  - Inflation
    - Inflation is at the highest rate in over 40 years
    - Five Below thrives on low inflation rates
    - Any rise negatively impacts Five Below and its ability to sell products without increasing pricing
    - Consumers limit purchases if product prices rise above $5
  - Interest rates in the economy
    - Higher interest rates increase investment value and lead to growth for Five Below
    - Bond prices will fall when the interest rate rises
  - GDP growth rate
    - The development of the US economy directly impacts Five Below's profitability
    - The GDP growth rate has direct correlation with Five Below's ability to perform in the department and discount retail industry
  - Government intervention
  - Income levels
    - Higher income results in the ability for consumers to allocate more money to spend at Five Below
    - Lower income will result in the need for consumers to allocate less money to spend at Five Below
  - Unemployment rate
    - As unemployment rises, consumers lessen irresponsible spending and need based spending becomes more prevalent
  - Financial market efficiency
    - This determines if Five Below will raise rates in different markets around the country
- *Sociocultural factors that influence Five Below, Inc.:*
  - Demographics among urban environments
    - In relation to income rates, demographics will show whether consumers will be willing to purchase items from Five Below
    - Five Below will be unable to promote luxury products so they will have to promote to high income consumers in a different way
  - Consumer behavior
    - Consumers act differently based on how Five Below advertises themselves and their products
    - Consumers have internal and external influences when deciding the value of their purchases and how they allocate spending
      - Five Below must work to maximize the positive influences they give to consumers
  - Urban development
    - Five Below must understand how to approach all potential consumers whether they come from a very rich town or a very poor town and all of the in-between
  - Leisure activities
    - Five below has the ability to define the childhood of thousands of children and to integrate their brand in families across the country

- Culture
    - Five Below has been and will continue to adapt to a progressive change in culture
- Education level

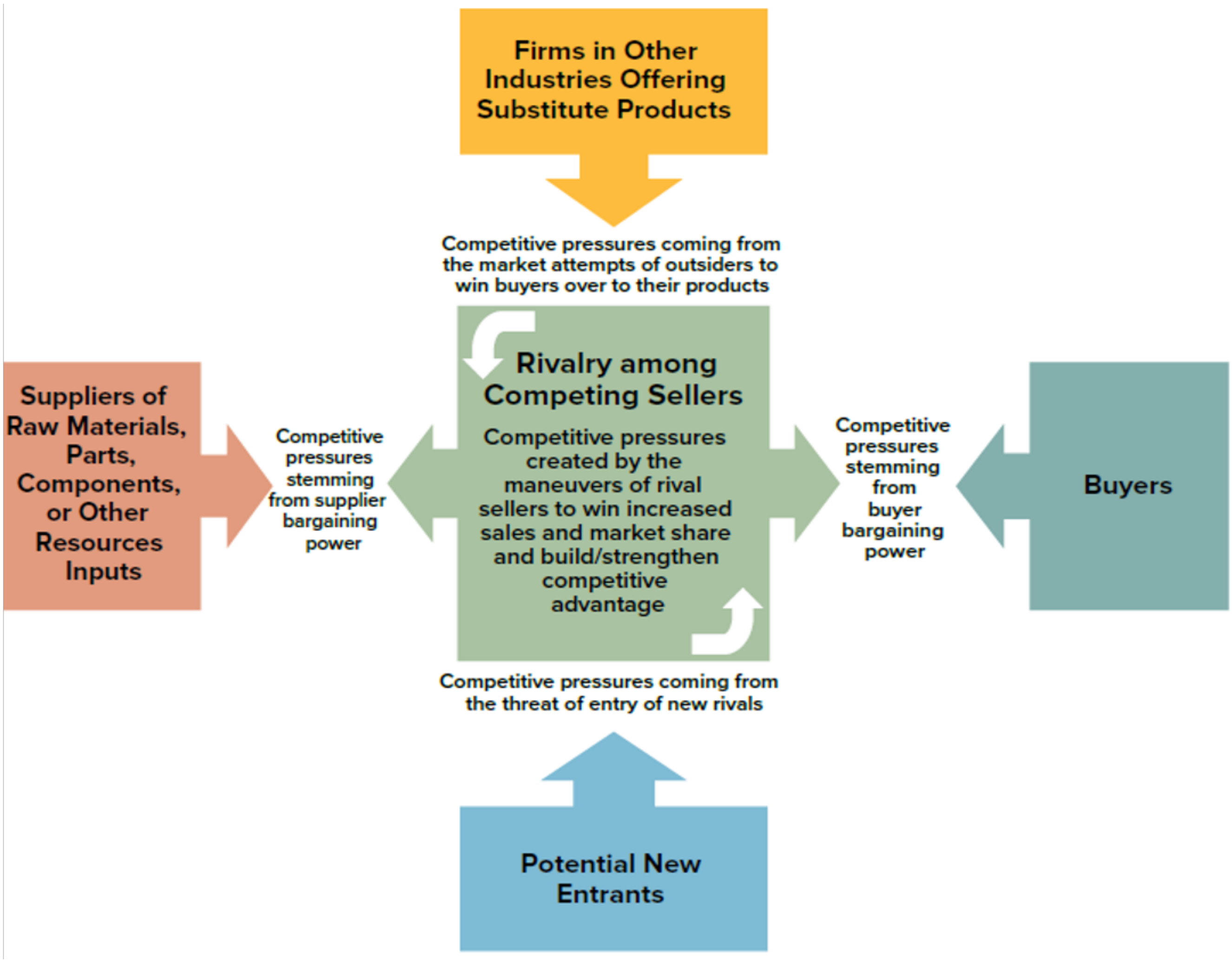
- *Technological factors that influence Five Below, Inc.:*
    - Technology growth will have an impact on Five Below's necessity to keep their prices low
    - Technological developments by Five Below
        - Many of these are behind the scenes (website design, product advertisement, etc.)
        - Self-checkout lines and tablet based shopping in store
    - Children's need for technology
        - There is a growing need for technology use within children
            - Department and discount retail industry revenues will be negatively impacted as the need for traditional toys and products declines
    - Research and development using technology
        - Research and development are extremely important for Five Below to stay ahead of competitors in the department and discount retail industry
- *Environmental factors that influence Five Below, Inc.:*
    - Climate change
        - Affects consumers ability to transport themselves to and from stores
        - Affects production and manufacturing of their products leading to an increase in pricing
    - Recycling
        - Five Below continues to use eco-friendly products
        - "Our environmental, social and governance (ESG) initiatives are grounded in our heart & soul, the essence of who we are and what binds us as one adopted family. Our heart & soul is made up of our most deeply held purpose, beliefs, values and behaviors. It's all things inspiring, amazing, and fun – our building blocks to long-term health and growth" (www.fivebelow.com)
- *Legal factors that influence Five Below, Inc.:*
    - Anti-trust laws
        - Negative impacts on the department and discount retail industry and the claims of their products being "legitimate" for such low prices
    - Patent and copyright laws
        - Five Below does not sell luxury brands
        - Other companies try and illegally sell products (potentially through Five Below) under patent or copyright
    - Employment and pricing regulations
    - Laws that impact shopping experience: safety, customer, protection, privacy, intellectual property, discriminatory, among others

Industry and Competitive Analysis:

Five Below, Inc. faces a large amount of competition within the department and discount retail industry. Stores that are directly competing with Five Below are Dollar Tree, Dollar General, 99¢ Only Stores, DH Gate, Dollar Fanatic, Dollar Plus Store, Dollar Days, H&J Closeouts, to name a few. These are directly similar to Five Below in that they attempt to operate as smaller stores on a much bigger platform. Five Below generated $1,962,137,000 in revenue in 2021. The most notable directly similar competitor to Five Below is Dollar Tree, their 2021 revenue was $25,509,300,000. The others I mentioned are not publicly tradable and do not represent a proper revenue comparison to Five Below. However, they do represent a good representation of how some discount stores in their industry do not succeed. Other competitors to Five Below on a larger scale are stores such as Amazon.com, Inc., Best Buy Co., Inc., Target Corporation, and Walmart Inc.. These companies generate much larger revenues considering they operate on a much larger scale than Five Below.

With inflation rates rising, the past 2 years have been a struggle for the department and discount retail industry. These companies will struggle and likely have to implement new policies in order to keep their prices so low. In order to survive in their industry, stores like Five Below must keep their prices lower than other stores or else consumers will shop wherever the prices are lower. If the value of the US Dollar continues to diminish, it will be harder for the department and discount retail industry to thrive.

The Porter's Five Forces Model characterizes industry structure. In order for this to be accomplished, different factors must be looked at. Porter's Five Forces analyzes industry environments. This focuses on threats and opportunities. In order for maximum success, threats need to be understood and prepared for while opportunities need to be taken advantage of. Porter's Five Forces prepares a competitive analysis examining firms in other industries that supply substitute products, buyers, potential new entrants, and suppliers. I have included the exact model of the Porter's Five Forces Model below:



<u>Five Below, Inc. Porter's Five Forces Model:</u>

- *Threats of Firms in Other Industries Supplying Substitute Products:*
    - Increasing marketing towards the products that are jeopardized for substitution
    - Increase customer retention by creating a positive atmosphere within Five Below stores
    - Offering product discounts/perks if part of the Five Below Membership
    - Giving consumers products they need, not just products they want
    - There is opportunity to assert dominance in product quality
    - This threat will increase if other companies are able to create substitutes at a lower cost than Five Below
    - This threat will decrease if Five Below is able to continue selling products at a lower price than the substitutes
- *Buyers:*

    - Buyers create bargaining power in which they wish to see new and innovative products
    - Fast paced product releases will keep buyers interested and entertained
    - Buyer bargaining can be reduced if a large enough customer base is built, and products are sold at low costs
    - Buyers will be able to explore other stores easier if prices rise at Five Below
- *Threats of Potential New Entrants:*
    - Threat created through new and innovative products
    - Five Below is at risk if new entrants create products at lower costs
    - There is opportunity to attract more consumers if new entrants do not offer the same quality as Five Below
    - Five Below is at a lower risk to new market entry since the department and discount retail industry is harder to enter right now due to inflation
    - Five Below will be at a higher risk to new market entry if the government aids the creation of new discount stores
- *Suppliers:*
    - Competitive pressure stems from supplier bargaining power
    - Bargaining power for suppliers is possible when they do not have direct links to companies or there are demand shifts
        - Five Below should create strategic contracts with suppliers in order to limit suppliers bargaining power
    - Five Below should create substitute materials for products in case prices for certain materials rise

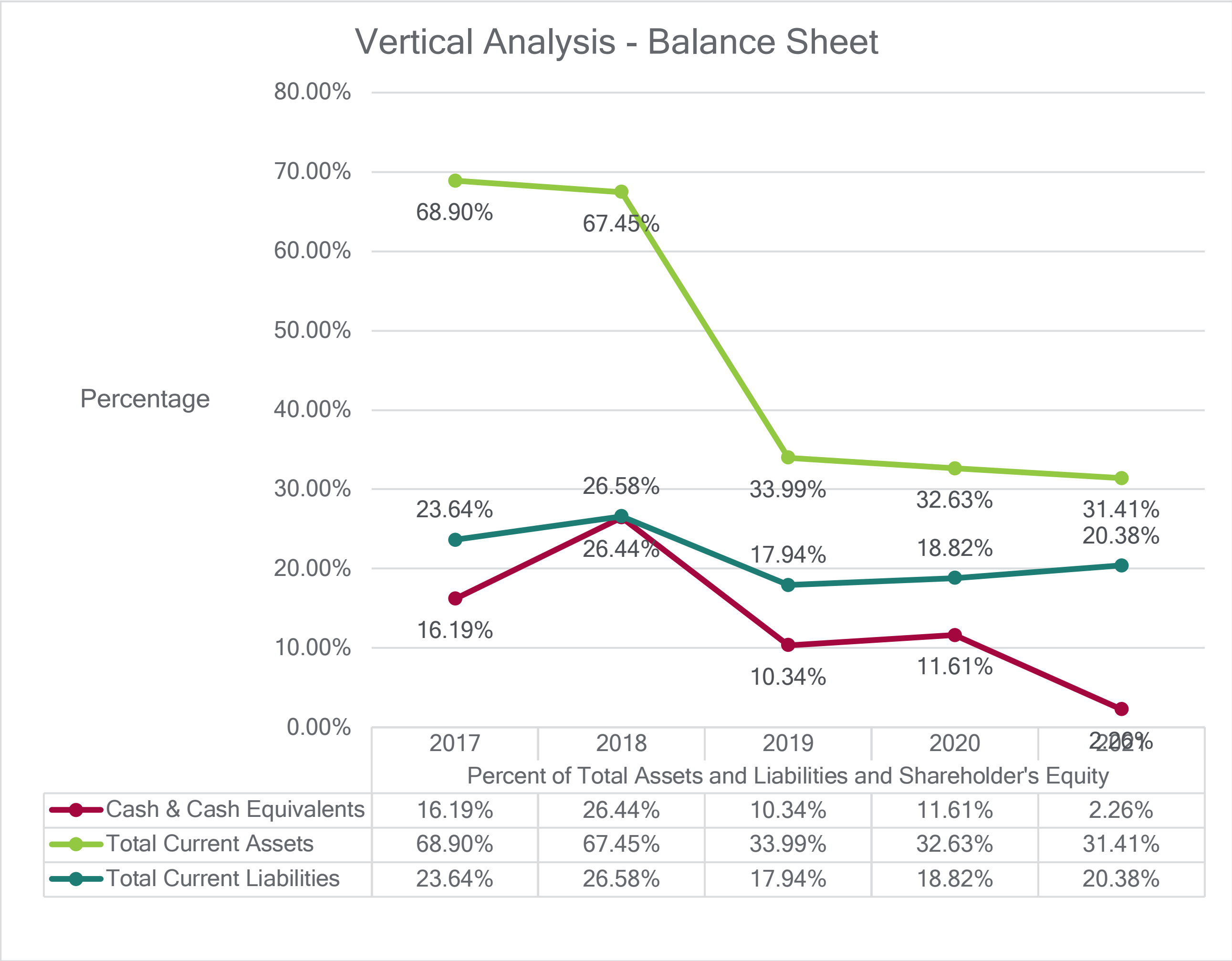
The department and discount retail industry is very competitive. The competitive nature for every company attempting to sell products at the lowest price creates differentiation within individual company strategies. Five Below focuses on the positives in life. The positives come from their store locations and on their website. Five Below uses vibrant colors to display a more positive mood for shoppers. Consumer behavior is directly correlated to a store’s atmosphere. Since Five Below has a very positive and colorful store atmosphere, consumers are more likely to be in a better mood while they are in the store. Consumers who are in a better mood are more likely to buy different products. This is one major difference comparing Five Below to its’ major competitor Dollar Tree. Dollar Tree does not create as positive of an atmosphere as Five Below, so consumers are less likely to have a positive experience. This gives Five Below an advantage for consumers who enter their store. Five Below believes their products are priced accurately based on the level of competition within their industry. Every competitor in the department and discount retail industry attempts to sell the highest quality for the lowest price. This seems like a hard task which is why most companies do not make it. Five Below is going on 20 years solely because they know how to adapt to different market situations and change their strategies when necessary.

Analysis of Financial Statements:

I constructed balance sheets, income statements, a vertical analysis of both balance sheets and income statements, and a horizontal analysis of both balance sheets and income statements. I constructed these statements from 2017 to 2021. I was able to find out more about Five Below by evaluating each statement individually. As of 2017 compared to 2021, Five Below's total assets have more than quadrupled. This includes the total liabilities and shareholder's equity as well. There has been a steady increase in these categories even through the pandemic, which from an outsider looking in, is a very good sign of company strength.

Vertical Analysis of the Balance Sheet:

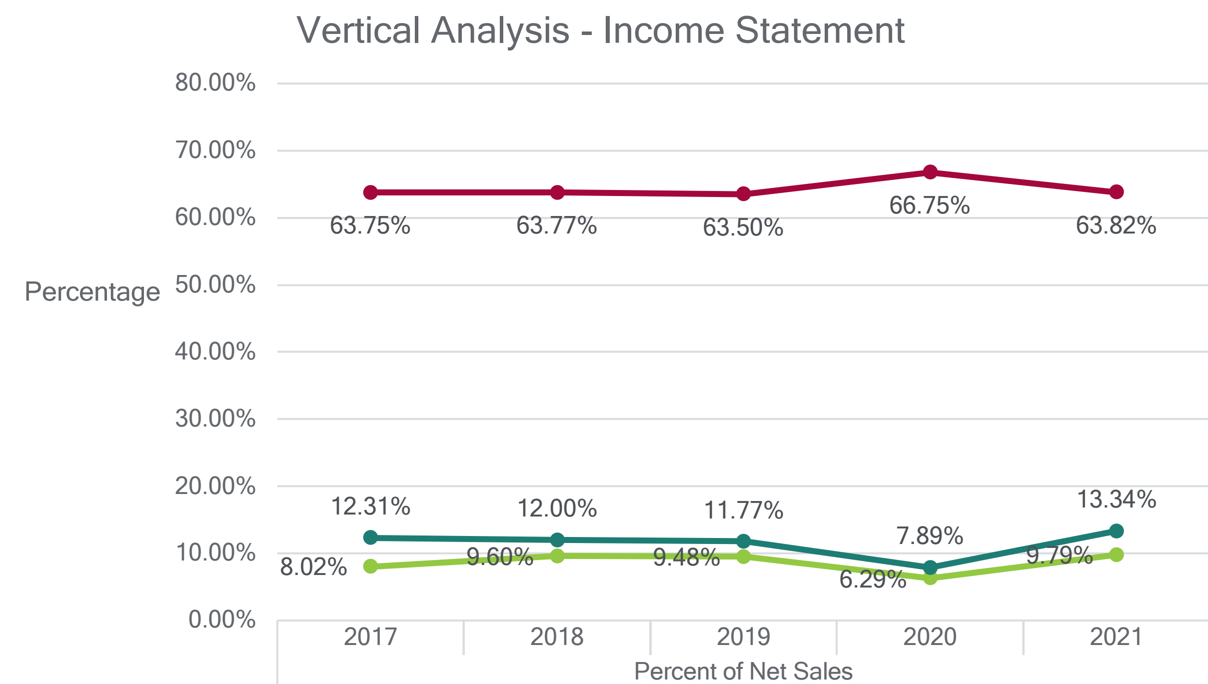
Starting with the balance sheet, I created a vertical analysis. A vertical analysis makes it easier to compare financial statements across years or even industries. The vertical analysis for a balance sheet sets up each cash value for a assets, liabilities, and shareholder's equity and gives a proportion of how much each individual category holds. This proportion is representative of either the total assets or the total liabilities and shareholder's equity. I think it is worth noting that Five Below's cash, cash equivalents, restricted cash, and restricted cash equivalents have changed drastically from 2017 to 2021. They were (in thousands): $112,699 in 2017, $251,748 in 2018, $202,490 in 2019, $268,783 in 2020, and $64,973 in 2021. The fact that they have been skewed so much since 2017 has to be a result of their current liabilities fluctuating. The graph below represents a vertical analysis of the balance sheet FYE 12/31/2017 through FYE 12/31/2021. Total current liabilities have remained relatively stable through the years. In 2017, total current liabilities represented 23.64% of the total liabilities and shareholder's equity and in 2021, they represented 20.38% of the total liabilities and shareholder's equity. Total current assets have diminished since 2018 due to the increase in operating lease assets. This means Five Below has increased their leases for store locations. In 2017, total current assets represented 68.90% of the total assets and in 2021, they represented 31.41% of the total assets.



	2017	2018	2019	2020	2021
Cash & Cash Equivalents	16.19%	26.44%	10.34%	11.61%	2.26%
Total Current Assets	68.90%	67.45%	33.99%	32.63%	31.41%
Total Current Liabilities	23.64%	26.58%	17.94%	18.82%	20.38%

<u>Vertical Analysis of the Income Statement:</u>

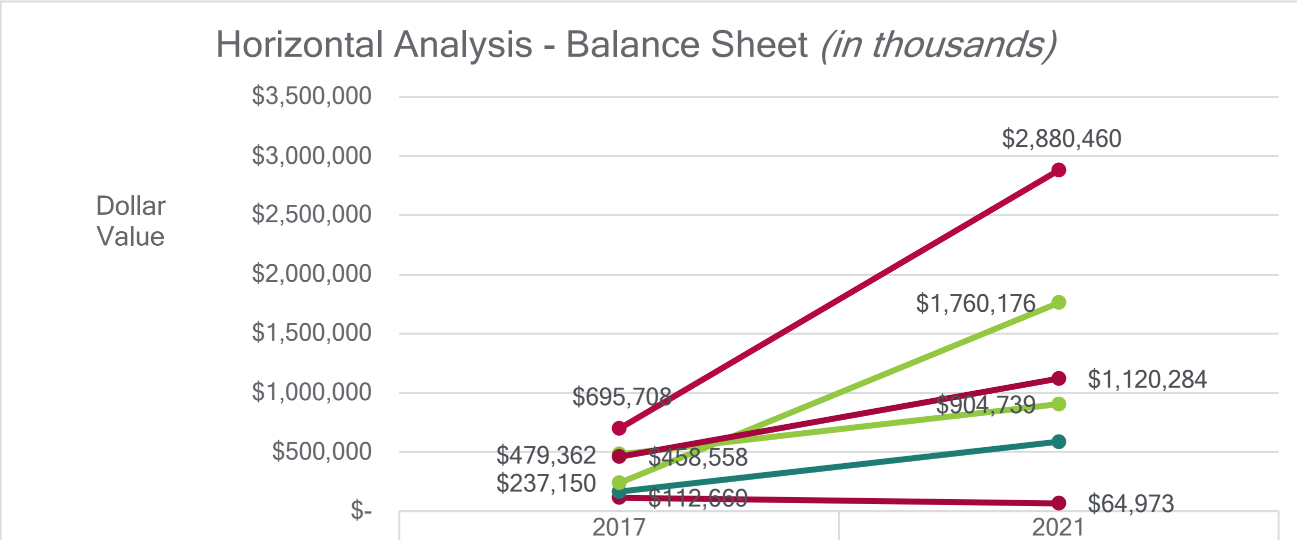
Five Below's income statement shows their financial performance during FYE 12/31/2017 through FYE 12/31/2021. Conducting a vertical analysis of these income statements shows each financial value and their proportion to net sales. As seen below, the vertical analysis of the income statement shows the percentages of cost of goods sold, net income, and operating income in relation to net sales. I chose these three financial values because I think they accurately represent how well Five Below is functioning during a given year. Each of these values from 2017 to 2021 has remained similar. Cost of goods sold was 63.75% of net sales in 2017 and in 2021 it was 63.82% of net sales. Net income was 8.02% of net sales in 2017 and in 2021 it was 9.79%. Operating income was 12.31% of net sales in 2017 and 13.34% of net sales in 2021.



	2017	2018	2019	2020	2021
Cost of goods sold	63.75%	63.77%	63.50%	66.75%	63.82%
Net income	8.02%	9.60%	9.48%	6.29%	9.79%
Operating income	12.31%	12.00%	11.77%	7.89%	13.34%

<u>Horizontal Analysis of the Balance Sheet (all dollar values are in thousands):</u>

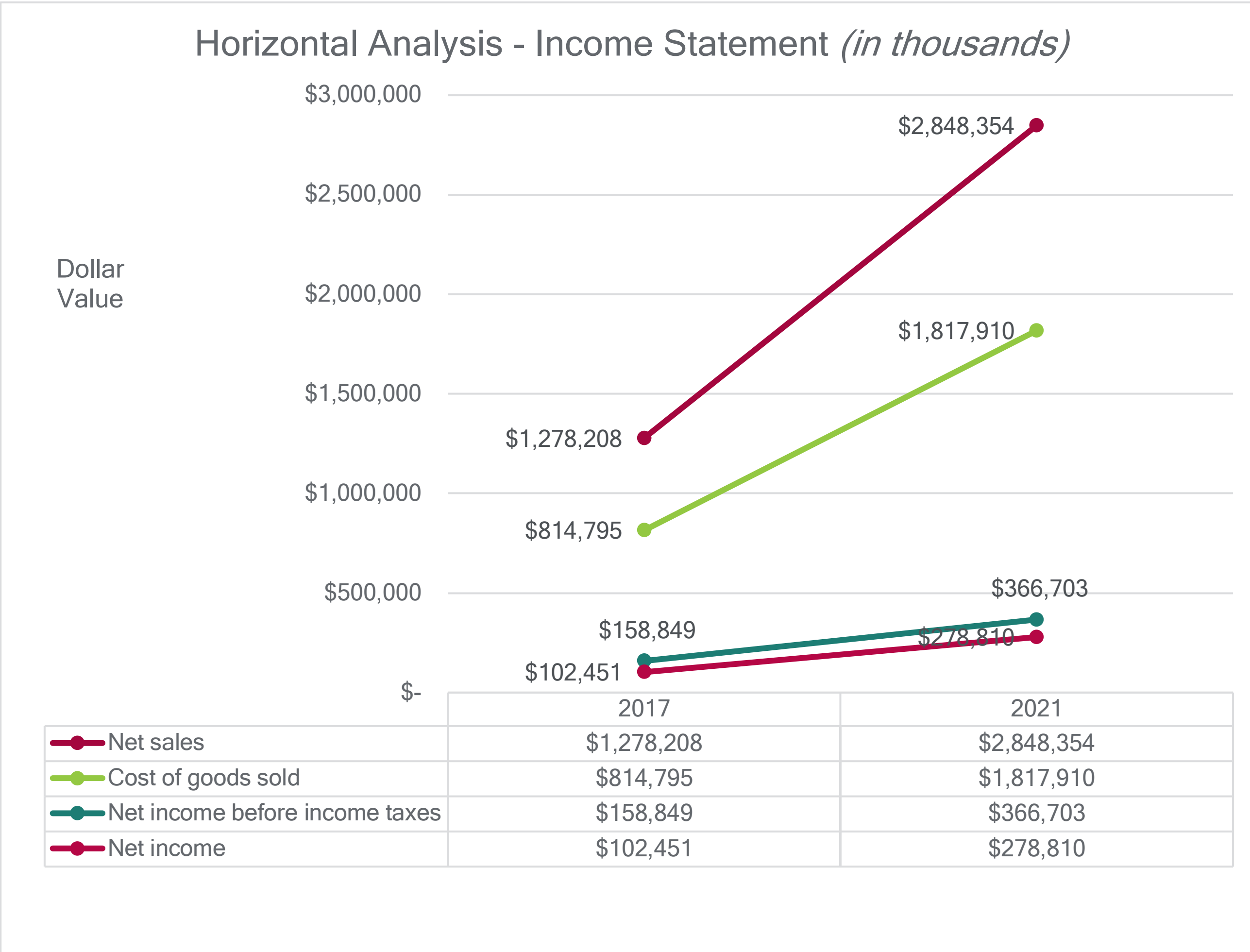
When conducting a horizontal analysis of the balance sheet from FYE 12/31/2017 through FYE 12/31/2021 I decided to show the 2017 value and the 2021 value. A horizontal analysis shows the difference in value from two selected time periods, the change in those time periods, and the percent change in those time periods. This gives a good representation of how each value can change from year to year. For Five Below, the only change that is lower than it was in 2017 is the cash & cash equivalents. The graph below shows the following data in correlation to the horizontal analysis of the balance sheet. Cash & cash equivalents decreased from $112,669 in 2017 to $64,973 in 2021. The biggest increase was in total assets. Total assets increased 314.03% from $695,708 in 2017 to $2,880,460 in 2021. Current assets had an 88.74% increase from $479,362 in 2017 to $904,739 in 2021. Current liabilities had a 256.87% increase from $164,460 in 2017 to $586,901 in 2021. Total liabilities increased 642.22% from $237,150 in 2017 to $1,760,176 in 2021. Total shareholder's equity increased 144.31% from $458,558 in 2017 to $1,120,284 in 2021. These values represent major components of Five Below's balance sheet and give an accurate representation of how the company is doing overall.



	2017	2021
Cash & Cash Equivalents	$112,669	$64,973
Current Assets	$479,362	$904,739
Current Liabilities	$164,460	$586,901
Total Assets	$695,708	$2,880,460
Total Liabilities	$237,150	$1,760,176
Total Shareholders' Equity	$458,558	$1,120,284

<u>Horizontal Analysis of the Income Statement (all dollar values are in thousands):</u>

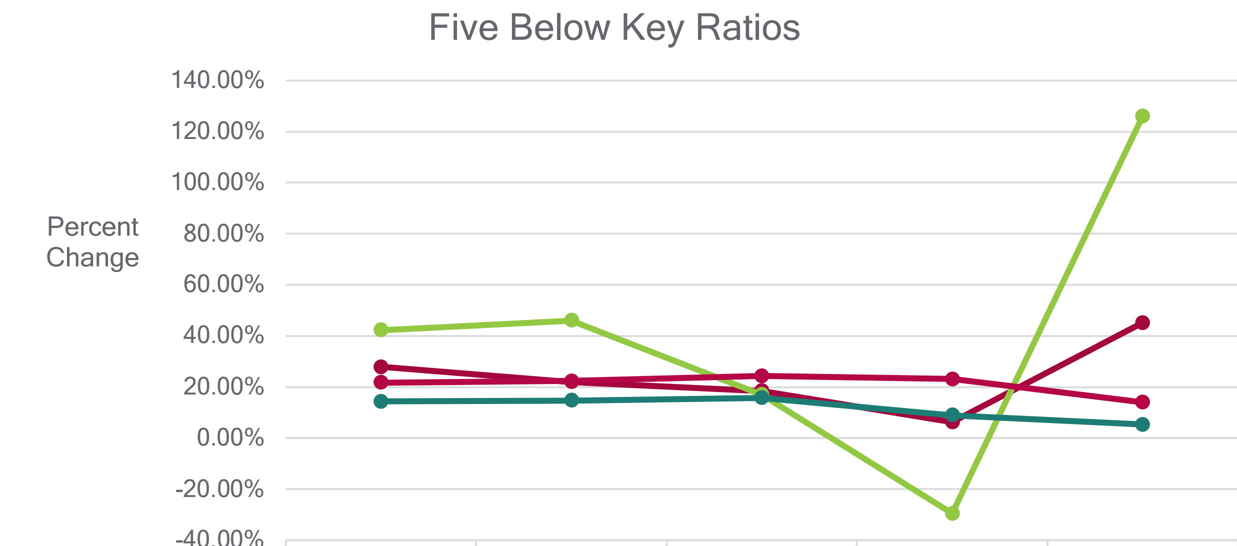
I conducted a horizontal analysis of Five Below's income statement and the results are shown below. A horizontal analysis of Five Below's income statement shows the changes, both in percentage and dollar value, from 12/31/2017 to 12/31/2021. I extracted specific data values from Five Below's income statement that heavily impact Five Below's financial performance. These values are net sales, cost of goods sold, net income before income taxes, and net income. Net sales is the initial value needed in calculating net income which is a vital part of an income statement. Net sales had the largest value change from 2017 to 2021, starting at $1,278,208 and finishing at $2,848,354. Net sales increased 122.84%. Cost of goods sold also had a large increase of 123.11% moving from $814,795 in 2017 to $1,817,910 in 2021. Cost of goods sold holds a slightly higher percentage to net sales in 2021 as it did in 2017. This can account for the higher cost of supplies in recent years. Net income before taxes rose 130.85% from $158,849 in 2017 to $366,703 in 2021. Net income (after taxes) rose 172.14% from $102,451 in 2017 to $278,810 in 2021. It is also worth mentioning that the income tax expense rose 50.84% from 2017 to 2021. This means that Five Below has been taxed less (based on percentages) in recent years.



	2017	2021
Net sales	$1,278,208	$2,848,354
Cost of goods sold	$814,795	$1,817,910
Net income before income taxes	$158,849	$366,703
Net income	$102,451	$278,810

<u>Key Financial Ratios and Comparison to Industry Average:</u>

Five Below is doing better than the department and discount retail industry in many financial ratios. I highlighted a few I thought were the most important and have graphed them below. Below are graphs of Five Below's key ratios and the department and discount retail industry's key ratios. These key ratios are revenue growth, gross profit margin, return on assets (ROA), and return on equity (ROE). I found data relevant to other ratios for Five Below and the department and discount retail industry, but I did not include them below since I think the others are better representations. Gross Profit margin is the only financial ratio that Five Below went below in comparison to the department and discount retail industry. Five Below dropped below their industry in 2020 when their gross profit fell to -29.53%. The department and discount retail industry's gross profit margin in 2020 was 26.41%. This means that the net income from year to year has been steadily increasing for Five Below and the department and discount retail industry. Five Below has stayed around 10% higher than their industry every year except for 2020. They bounced back in 2021 with a 126.01% increase in gross profit margin which was well above the department and discount retail industry's gross profit margin which was 28.63% in 2021. Five Below's revenue growth is significantly higher than the department and discount retail industry's revenue growth. This can be expected since Five Below is a larger company within their industry and tends to have higher revenue. Five Below averaged to have around a 10% higher return on assets than the department and discount retail industry from 2017 to 2021. Return on assets is the net income from each year divided by the total assets from the balance sheet. Five Below also had a higher return on equity each year compared to the department and discount retail industry averaging to be around 10% higher. The ROA and ROE had constant increases for both Five Below and the department and discount retail industry. Return on equity is the net income per year divided by the total shareholder's equity from each year.



	2017	2018	2019	2020	2021
Revenue Growth	27.82%	22.01%	18.41%	6.25%	45.17%
Gross Profit Margin	42.29%	46.06%	16.98%	-29.53%	126.01%
ROA	14.37%	14.73%	15.71%	8.94%	5.33%
ROE	21.71%	22.34%	24.33%	23.04%	13.99%

	2017	2018	2019	2020	2021
Revenue Growth	2.00%	2.87%	0.70%	2.73%	4.54%
Gross Profit Margin	29.41%	28.27%	27.39%	26.41%	28.63%
ROA	5.08%	4.58%	4.66%	4.13%	6.93%
ROE	15.22%	13.35%	14.40%	13.37%	15.87%

Summary of The Financial Statement Analysis:

After viewing Five Below's financial statements it is clear to see that Five Below is in a better position than they were at the start of 2017. I was able to break down Five Below's balance sheets and income statements from 2017 to 2021. With this being said, I think there are standout values from each of the statements.

In Five Below's balance sheet, I think there are a few accounts that stand out above the rest and need to be highlighted. These are: cash, cash equivalents, restricted cash, and restricted cash equivalents, total current assets, total assets, total current liabilities, total liabilities, and total shareholder's equity. As seen in the horizontal analysis of the balance sheet, cash, cash equivalents, restricted cash, and restricted cash equivalents had a -43.33% change from 2017 to 2021. This could be due to a change in how much unrestricted cash Five Below decides to keep on hand after the COVID-19 initial shock. Total current assets increased 88.74% from 2017 to 2021. Total assets increased 314.03% from 2017 to 2021. Total current liabilities increased 256.87% from 2017 to 2021. The greater increase in total current liabilities compared to total current assets can be due to a decline in working capital. If current assets increased more from 2017 to 2021 than total current assets, it would mean Five Below has positive working capital. Total liabilities increased 642.22% from 2017 to 2021. Lastly, total shareholder's equity increased 144.31% from 2017 to 2021.

In Five Below's income statements, the most important thing to note is that from 2017 to 2021 there was an increase in net income by 172.14%. Steadily, net income increased each year from 2017 to 2021. Other important accounts in the Five Below's income statement are: cost of goods sold, net income before income taxes, and net sales. In relation to net income, net sales is the overall sales value executed from each year. Net sales increased 122.84% from 2017 to 2021. This value, however, is much greater than the net income value. Net sales in 2021 was $2,848,354 *(in thousands)*, while the net income in 2021 was $278,810 *(in thousands).* Cost of goods sold increased 123.11% from 2017 to 2021. Net income before income taxes increased 130.85% from 2017 to 2021. It is very important to consider that each value I mentioned in the income statement has been trending upwards. This is important for future analysis and valuation.

Five Below's larger decrease in cash, cash equivalents, restricted cash, and restricted cash equivalents can be attributed to rising demand for cheaper products and the inability to have excess cash as a result of this. The larger increase in net income compared to net sales can be attributed to tax reforms attempting to help businesses like Five Below. The income tax expense rose significantly lower than net income from 2017 to 2021. Income tax expense rose 55.84% from $56,398 in 2017 to $87,893 in 2021.

Five Below, Inc. Valuation – Public Comparables Methodology:

Description of Public Comparables Approach and its Advantages:

The public comparables approach is a good resource used to compare Five Below's valuation multiples to a selected peer group. These valuations are relative valuations. Relative valuations are more likely to represent accurate market reflections and moods compared to the discounted cash flow valuation. This valuation also requires less information than the discounted cash flow valuation. This allows Five Below to be compared to similar companies and reflect how they would be traded using similar multiples.

The valuation indicators are price multiples and enterprise value multiples. Price multiples reflect the stock price and measure fundamental value. Enterprise value multiples are ratios of the total firm divided by measures of fundamental value. Overall, valuation metrics reflecting Five Below, Inc. use EV/Sales, EV/EBITDA, P/E, P/B, and P/S as multiples. EV/Sales represents the enterprise value of Five Below divided by the sales or revenue during the selected timeframe. EV/EBITDA represents the enterprise value of Five Below divided by the EBITDA. P/E is the share price of Five Below divided by their earnings per share (EPS). Price to book ratio (P/B) is the share price of Five Below divided by the book value per share. Price to sales ratio (P/S) is the share price of Five Below divided by the net sales per share. This public comparables approach will provide insight on how Five Below performs against other companies and how the perform within the department and discount retail industry.

Selection of Peer Group:

The most important step in the public comparables approach is the selection of the peer group. I have chosen five companies that are similar to Five Below, Inc. I chose Dollar General Corporation, Best Buy Co., Inc., Target Corporation, Walmart Inc., and Dollar Tree, Inc.. These five companies have been selected as the peer group because they are key competitors of Five Below. They all sell similar products and are big companies in the department and discount retail industry. I did not choose some of the companies I had previously mention within the department and discount retail industry since I do not feel they are close enough competitors to Five Below. These are 99¢ Only Stores, DH Gate, Dollar Fanatic, Dollar Plus Store, Dollar Days, H&J Closeouts. They may be similar companies in what they sell but Five Below is a much larger company overall. I would like to discuss the market caps for the peer group. Five Below holds the smallest market cap at $9.13B. This was not a surprise to me as Five Below competes against larger companies who have a more diverse product line. With that being said, the median market cap for my peer group is 54,340,000,000. I decided to use the median market cap value because I feel that the median values better represent Five Below. Five Below's enterprise value is $10.12B. This is the smallest enterprise value in the peer group. The next closest is Best Buy at $23.1B. I have included my excel data to better represent the valuation of Five Below, Inc. based on their peer selection.

Company Name	Market Cap	EV	EV/Revenue	EV/EBITDA	Forward P/E	P/B	P/S
Five Below, Inc.	$ 9,130,000,000	$ 10,120,000,000	3.55	45.18	24.90	8.15	3.21
Dollar General Corporation	$ 54,340,000,000	$ 68,240,000,000	1.99	17.67	20.70	8.68	1.64
Best Buy Co., Inc.	$ 22,580,000,000	$ 23,100,000,000	1.41	22.40	10.91	5.28	0.49
Target Corporation	$ 103,880,000,000	$ 113,390,000,000	3.66	40.34	16.64	7.53	1.06
Walmart Inc.	$ 386,020,000,000	$ 427,710,000,000	2.80	54.01	20.96	4.69	0.69
Dollar Tree, Inc.	$ 29,540,000,000	$ 38,610,000,000	5.45	50.31	16.31	4.08	1.17
Average	$ 119,272,000,000	$ 134,210,000,000	3.06	36.95	17.10	6.05	1.01
Median	$ 54,340,000,000	$ 68,240,000,000	2.80	40.34	16.64	5.28	1.06

Five Below - Median	EV/Revenue	EV/EBITDA	Forward P/E	P/B	P/S
Enterprise Value	$ 7,981,971,831	$ 9,036,160,000			
Equity Value	$ 6,991,971,831	$ 8,046,160,000	$ 6,101,937,920	$ 5,915,099,520	$ 3,019,255,240
Equity Value Per Share	$ 125.48	$ 144.40	$ 109.51	$ 106.16	$ 54.19
Valuation	Overvalued	Overvalued	Overvalued	Overvalued	Overvalued

Five Below Shares Outstanding:
55,720,000
Five Below Current Price:
$ 163.85

Company Name	Revenue	EBITDA	Earnings	Book Value of Equity	Net Debt	Sales
Five Below, Inc.	$ 2,850,704,225	$ 224,000,000	$ 366,703,000	$ 1,120,284,000	$ 990,000,000	$ 2,848,354,000
Dollar General Corporation	$ 34,291,457,286	$ 3,861,912,847	$ 2,625,120,773	$ 6,260,368,664	$ 13,900,000,000	$ 33,134,146,341
Best Buy Co., Inc.	$ 16,382,978,723	$ 1,031,250,000	$ 2,069,660,862	$ 4,276,515,152	$ 520,000,000	$ 46,081,632,653
Target Corporation	$ 30,980,874,317	$ 2,810,857,709	$ 6,242,788,462	$ 13,795,484,728	$ 9,510,000,000	$ 98,000,000,000
Walmart Inc.	$ 152,753,571,429	$ 7,919,089,058	$ 18,416,984,733	$ 82,307,036,247	$ 41,690,000,000	$ 559,449,275,362
Dollar Tree, Inc.	$ 7,084,403,670	$ 767,441,860	$ 1,811,158,798	$ 7,240,196,078	$ 9,070,000,000	$ 25,247,863,248

Five Below, Inc. is overvalued based on their peer group. Five Below's current market price is valued at $163.85 based on their 55,720,000 shares outstanding and their market cap of $9.13B. In order to find out that Five Below is overvalued, I compared the stock price from EV/Revenue, EV/EBITDA, Forward P/E, P/B and P/S to the stock price valued from their shares outstanding. For this to make sense, I had to calculate the enterprise value based on each section. Then, I had to calculate the equity value and the equity value per share. For EV/Revenue, the enterprise value came from multiplying the median EV/Revenue of 3.55 by the actual revenue of Five Below which was $2,353,488,372. This gave me the enterprise value of $7,837,116,279 for EV/Revenue. Equity value came from subtracting the enterprise value for EV/Revenue by the net debt of Five Below which was $990,000,000. This gave me the equity value for EV/Revenue of $6,847,116,279. Then, the equity value per share came from dividing the equity value for EV/Revenue by the number of shares outstanding which was 55,720,000. This concluded the equity value per share to be equal to $125.48. Since $125.48 is lower than $163.85, it must mean that Five Below is overvalued in EV/Revenue. This process repeated for the EV/EBITDA, Forward P/E, P/B, and P/S. In order of the highest value per account to the lowest value per account: EV/EBITDA is the highest, then EV/Revenue, then Forward P/E, P/B, and P/S was the lowest. All values of equity value per share were lower than $163.85. This means that Five Below is overvalued based on their peer group.

<u>Selection of Multiples:</u>

For my analysis, I selected to use EV/Sales, EV/EBITDA, P/E, P/B, and P/S as multiples. These give an accurate valuation of Five Below based on the peer group and the values overall.

Below, you can see the final value and range of values under the comparables analysis. This shows the maximum and minimum values of EV/Revenue, EV/EBITDA, P/E, P/B, and P/S and how each value Five Below. The highest values show Five Below to be undervalued. The lowest values show Five below to be overvalued. The level values (Five Below's values) show Five Below to be valued correctly.

Maximum	EV/Revenue	EV/EBITDA	P/E	P/B	P/S
Enterprise Value	$ 15,536,338,028	$ 12,098,240,000			
Equity Value	$ 14,546,338,028	$ 11,108,240,000	$ 19,097,892,240	$ 15,773,598,720	$ 10,652,843,960
Equity Value Per Share	$ 261.06	$ 199.36	$ 342.75	$ 283.09	$ 191.19

FiveBelow, Inc. - Level	EV/Revenue	EV/EBITDA	P/E	P/B	P/S
Enterprise Value	$ 10,120,000,000	$ 10,120,320,000			
Equity Value	$ 9,130,000,000	$ 9,130,320,000	$ 9,130,000,000	$ 9,130,000,000	$ 9,130,000,000
Equity Value Per Share	$ 163.85	$ 163.86	$ 163.85	$ 163.85	$ 163.85

Minimum	EV/Revenue	EV/EBITDA	P/E	P/B	P/S
Enterprise Value	$ 4,019,492,958	$ 4,719,680,000			
Equity Value	$ 3,029,492,958	$ 3,729,680,000	$ 4,000,729,730	$ 5,915,099,520	$ 1,395,693,460
Equity Value Per Share	$ 54.37	$ 66.94	$ 71.80	$ 106.16	$ 25.05

Multiples	Value
EV/Revenue (High)	5.45
EV/EBITDA (High)	54.01
P/E (High)	52.08
P/B (High)	14.08
P/S (High)	3.74

Multiples	Value
EV/Revenue (Low)	1.41
EV/EBITDA (Low)	21.07
P/E (Low)	10.91
P/B (Low)	5.28
P/S (Low)	0.49

Five Below, Inc. Valuation – Discounted Cash Flows Methodology:

Description of Discounted Cash Flows Analysis and its Advantages:

The discounted cash flows analysis and valuation produces an estimated terminal value over a projection period of a company. For Five Below, I have chosen to project the terminal value from 2022 through 2026. This five-year projection period will give a good timeframe to provide an accurate terminal value projection. Throughout this analysis, I will calculate free cash flows, estimate terminal value using the exit multiple method and perpetuity growth rate method, present my calculated enterprise value and equity value per share for Five Below, and conclude with a sensitivity analysis.

There are advantages and disadvantages to using the discounted cash flow (DCF) method. Some advantages are the DCF uses precise numbers based on free cash flows (FCFS) to predict future intrinsic value, does not require comparable companies like the public comparables approach, and the use of future values instead of historic values. However, there are disadvantages to the DCF method such as the fact that the final intrinsic value calculation is sensitive to assumptions on perpetual growth rate. Another disadvantage to the DCF method can also be one of the advantages, the fact that the final intrinsic value calculated is based on assumptions can be a disadvantage if there are major shocks in the economy. Overall, the DCF method produces a very accurate prediction if calculated correctly since there is such great confidence in each method leading up to the final intrinsic value calculation.

Steps to Calculate Free Cash Flows (FCFs):

To calculate FCFs, there are multiple steps that need to be followed. I will describe each step I went through to calculate the present value of Free Cash Flows.

First, I chose the terminal revenue growth rate of 6.5%. From 2017 to 2018, Five Below's revenue grew 22%, from 2018 to 2019, the revenue grew 18.4%, from 2019 to 2020, the revenue grew 6.2%, and from 2020 to 2021, the revenue grew 45.2%. Together, this averaged to equal 23% average revenue growth. I decided to make the revenue growth rate 15% because it is lower than the actual average and companies like Five Below are struggling to keep their prices low. I decreased the revenue growth rate by 1% each year moving forward since I believe Five Below, and similar companies, will struggle in the coming years. I do not believe Five Below will be able to increase revenues by such high percentages as before the COVID-19 pandemic since there are such high inflation rates currently. I chose 6.5% for my terminal growth rate along with the 15%. The terminal growth rate of 6.5% and the revenue growth rate of 15% will provide an accurate forecast of Five Below's FCFs ultimately leading to the enterprise value. These rates are a safe and easily attainable amount that will show Five Below's worth.

Second, I found the revenue from 2021 and inputted the growth through 2026 using the revenue growth rate.

Third, I found the NOPAT through the formula: EBIT * (1 – Tax Rate). $379,880 is the earnings before interest and taxes (EBIT) and the tax rate is 21%. NOPAT is then put into a growth formula through 2026 using the growth rate of NOPAT/Revenue.

Fourth, I found the net operating assets (NOA). NOA is calculated by subtracting operating liabilities from operating assets. Operating assets added up to be $2,383,996 and operating liabilities added up to be $1,758,513. The difference (NOA) is $625,483. Each NOA through 2026 is then calculated by this: Revenue / NOAT. NOAT is revenue / NOA for the reported year (2021).

Lastly, I was able to calculate free cash flows to the firm by subtracting the change in NOA from year to year from the predicted NOA for each year.

Forecast Period Selection:

I chose to forecast from 2022 until 2026. This time period is 5 years and gives an appropriate measurement of maturity given Five Below's age within their industry. Since Five Below has a lower market cap and enterprise value than most other companies in the department and discount retail industry, a forecast period of 5 years is necessary to obtain accurate data values.

Assumptions of Discounted Cash Flow Method (DCF):

There are important assumptions to be made before using the DCF method and estimating the final intrinsic value. The first assumption is that all data is assumed to be reported at 12/31/2021. This includes all current values, shares outstanding, and WACC. This model assumes a perfect capital market.

Steps to Estimate Terminal Value (Exit Multiples Method):

In order to estimate the terminal value and equity value per share of Five Below, Inc. using the exit multiples method, I had to follow the following steps:

First, I found the EBITDA and used the growth rates from the perpetuity growth rate DCF.

Second, I subtracted the depreciation and amortization from EBITDA to get EBIT for each year. These values were also forecasted using the WACC growth rate.

Third, I multiplied the EBIT of each year by 21% to account for the tax rate. I subtracted the taxes at 21% to get net income for each year.

Fourth, I added back in the depreciation and amortization for each year.

Fifth, I subtracted the capital expenditures (CAPEX) and the change in net working capital to get the unlevered cash flows for each year. The change in net working capital was calculated by subtracting cash from current assets and subtracting that value by current liabilities minus debt. I used an average of the change in net working capital from 2019 to 2020 and 2020 to 2021 since there were discrepancies in the numbers. This average gives an accurate representation of the change in net working capital.

Lastly, I multiplied the EBITDA at 2026 by the industry exit multiple of 7 to get the terminal value for Five Below, Inc. to equal $5,978,160,560.

After finding the terminal value, I was able to calculate the equity value per share. I did this by adding the present value of explicit FCF and the present value of the terminal value to equal the total enterprise value. Then I added cash & cash equivalents to get the equity value. The equity value per share of $76.72 was calculated by dividing equity value by diluted shares outstanding.

Steps to Estimate Terminal Value (Perpetuity Growth Rate Method):

In order to estimate the terminal value and equity value per share of Five Below, Inc. using the perpetuity growth rate method, I followed the following steps:

First, I calculated the present value of horizon period FCF by adding all the present value FCF's from the horizon period.

Second, I calculated the present value of terminal period FCF using the present value formula.

Third, I summed the present value of horizon period FCF and the present value of terminal period FCF to equal the total present value of FCF.

Fourth, I subtracted the net nonoperating obligations (NNO) to obtain the enterprise value.

Fifth, I added the cash & cash equivalents to equal the equity value of $9,575,987,000.

Lastly, to find the equity value per share I divided the equity value by the diluted shares outstanding. This gave me an equity value per share of $171.86. I believe this is the most accurate form of measuring equity value per share and will be weighting it significantly higher than other methods.

Enterprise Value and Implied Equity Price Per Share of Five Below, Inc.:

Exit Multiple Method		
Present Value of Explicit FCF	$	463,987.74
Terminal Value		
Terminal Year EBITDA		854,023
Exit Multiple		7.00x
Terminal Value	$	5,978,160.56
Discount Rate		6.50%
Present Value of Terminal Value	$	10,100,333.47
Enterprise Value	**$**	**4,210,123.03**

Implied Equity Value & Share Price		
Enterprise Value	$	4,210,123.03
Add: Cash & Cash Equivalents		64,973
Implied Equity Value	$	4,275,096
Diluted Shares Outstanding		55,720
Implied Price Per Share	**$**	**76.72**

Perpetuity Growth Method		
Present Value of Horizon FCF	$	1,242,920.25
Terminal Value		
Terminal Year FCF		513,756
Perpetuity Growth Rate		6.5%
Discount Rate		10.51%
Present Value of Terminal Value	$	7,773,292.69
Enterprise Value	**$**	**9,511,013.94**

Implied Equity Value & Share Price		
Enterprise Value	$	9,511,013.94
Add: Cash & Cash Equivalents		64,973
Implied Euity Value	$	9,575,987
Diluted Shares Outstanding		55,720
Implied Price Per Share	**$**	**171.86**

Sensitivity Analysis (Purpose):

The purpose of the sensitivity analysis is to show how using different values will impact the price per share. I have completed this analysis separately for the perpetuity growth rate method and the exit multiple method. For the perpetuity growth rate method, I used various values of the WACC and various values of the perpetuity growth rate. For the exit multiples method, I used various values of the WACC and various values of the exit multiple. These different values are used to show their impact on the price per share. This analysis allows investors to understand the relationships between WACC and perpetuity growth rate or exit multiple. This also assists in predicting the outcome on price per share resulting from uncertainty within the market.

Sensitivity Analysis (Changes in Assumptions):

The changes in assumptions within the sensitivity analysis result in changes to both the perpetuity growth rate method and the exit multiple method. The perpetuity growth rate model has changes in the WACC resulting in an adding or subtracting a percentage point from 10.51%. The perpetuity growth rate is impacted by adding or subtracting a percentage point from 6.5%. The exit multiple method has the same impact on WACC. However, the exit multiple is altered by adding or subtracting one value from 7.

Sensitivity Analysis (Results):

Perpetuity Growth Rate Method:

Sensitivity Analysis Table						
				WACC		
	$ 171.86	8.51%	9.51%	**10.51%**	11.51%	12.51%
Perpetuity Growth Rate	4.50%	190.06	152.57	127.61	109.81	96.50
	5.50%	239.65	180.68	145.32	121.76	104.97
	6.50%	338.58	227.48	**171.86**	138.49	116.26
	7.50%	633.41	320.85	216.04	163.55	132.05
	8.50%	59,894.53	599.10	304.18	205.27	155.73

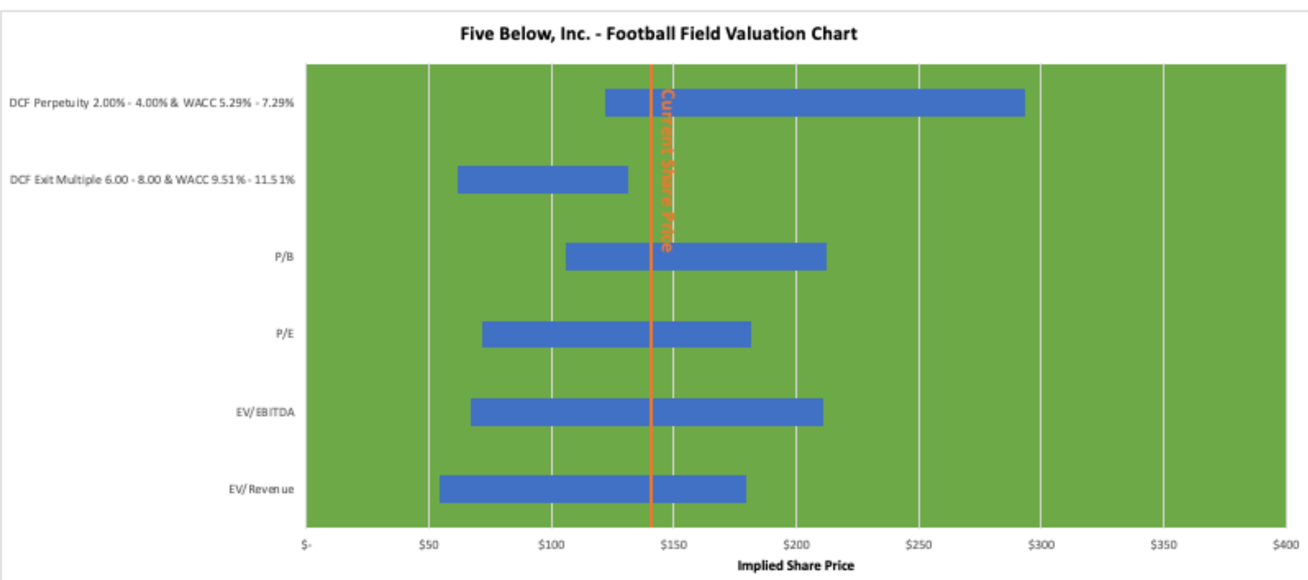
Exit Multiple Method:

Sensitivity Analysis Table						
				WACC		
	$ 76.72	8.51%	9.51%	**10.51%**	11.51%	12.51%
Exit Multiple	5.00	65.72	62.72	59.89	57.23	54.72
	6.00	75.11	71.61	68.31	65.21	62.28
	7.00	84.50	80.49	**76.72**	73.18	69.84
	8.00	93.89	89.38	85.14	81.15	77.39
	9.00	103.28	98.27	93.55	89.12	84.95

Summary of Values – From Different Methodologies:

Football Field Valuation Chart:

A football field valuation chart shows the minimum and maximum values of the price per share Five Below can reach when being valued by different methods. I did not include the P/S value because it did not accurately represent Five Below. The values chosen are the most representative of Five Below's price per share and provide the most accurate valuation. Below, I have included the football field valuation chart and the data associated.



	Monetary Value									
	Minimum	25th Percentile	Median	75th Percentile	Maximum	Minimum Point	25th % Point	Median Point	75th % Point	Maximum Point
EV/Revenue	54.37	-	125.48	-	261.06	54.37	-	125.48	-	261.06
EV/EBITDA	66.94	-	144.40	-	199.36	66.94	-	144.40	-	199.36
P/E	71.80	-	109.51	-	342.75	71.80	-	109.51	-	342.75
P/B	106.16	-	106.16	-	283.09	106.16	-	106.16	-	283.09
DCF Exit Multiple 6.00 - 8.00 & WACC 9.51% - 11.51%	65.21	-	76.72	-	89.38	65.21	-	76.72	-	89.38
DCF Perpetuity 2.00% - 4.00% & WACC 5.29% - 7.29%	121.76	-	171.86	-	320.85	121.76	-	171.86	-	320.85
Current Share Price	$ 144.87	$ 144.87	$ 144.87	$ 144.87	$ 144.87	$ 144.87	$ 144.87	$ 144.87	$ 144.87	$ 144.87

Investment Recommendation:

Five Below, Inc.
Final Valuation Analysis

Method	Valuation	Weight	Weighted Value
EV/Revenue	$ 125.48	0.15	$ 18.82
EV/EBITDA	$ 144.40	0.15	$ 21.66
P/E	$ 109.51	0.05	$ 5.48
P/B	$ 106.16	0.05	$ 5.31
DCF - Exit Multiple Method	$ 76.72	0.10	$ 7.67
DCF - Perpetuity Method	$ 171.86	0.50	$ 85.93
Total	$ 734.13	1.00	$ 144.87

After evaluating the entirety of the analysis provided, the intrinsic value of Five Below, Inc.'s stock is overvalued as of 12/31/2021. While Five Below, Inc. has the ability to become undervalued at some point past the horizon period, with current market conditions and the COVID-19 pandemic still hurting Five Below, Inc., the implied share price of Five Below, Inc. is $144.87. This means Five Below, Inc. is overvalued by $18.98.

From an investor perspective, it must be known that if Five Below, Inc. becomes more overvalued it will decrease the likelihood of becoming undervalued. Inflation of recent has plagued Five Below, Inc. and will continue to do so if not controlled. However, investing in a stock that is overvalued has potential for long term growth. I will give two recommendations:

1. Invest in Five Below, Inc. with a long-term position.
2. For a short-term investment, Five Below, Inc. is not the right company to pursue unless their market price drops in the near future.

Exhibits:

Five Below, Inc.
Balance Sheet - USD ($) $ in Thousands
FYE 12/31/2017 through 12/31/2021

	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021
Current assets:					
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	$ 112,669	$ 251,748	$ 202,490	$ 268,783	$ 64,973
Short-term investment securities	131,958	85,412	59,229	140,928	277,141
Inventories	187,037	243,636	324,028	281,267	455,104
Prepaid income taxes and tax receivable	2,264	1,337	4,063	6,350	11,325
Prepaid expenses and other current assets	45,434	60,124	75,903	58,085	96,196
Total current assets	479,362	642,257	665,713	755,413	904,739
Property and equipment, net	180,349	301,297	439,086	565,351	777,497
Operating lease assets	-	-	842,988	975,862	1,151,395
Deferred income taxes	6,676	6,126	-	-	-
Other assets	1,619	2,584	10,874	18,144	9,112
Total assets	$ 695,708	$ 952,264	$ 1,958,661	$ 2,314,770	$ 2,880,460
Current liabilities:					
Line of credit	$ -	$ -	$ -	$ -	$ -
Accounts payable	73,033	103,692	130,242	138,622	196,461
Income taxes payable	25,275	20,626	9,505	2,025	28,096
Accrued salaries and wages	22,906	24,586	19,873	43,445	53,539
Other accrued expenses	43,246	104,201	81,255	108,504	145,268
Operating lease liabilities	-	-	110,470	143,074	163,537
Total current liabilities	164,460	253,105	351,345	435,670	586,901
Other long-term liabilities	-	-	-	1,048	1,663
Deferred rent and other	72,690	-	1,199	-	-
Deferred rent and other	-	84,065	1,199	-	-
Deferred income taxes	-	-	8,716	28,911	36,156
Long-term operating lease liabilities	-	-	837,623	967,255	1,135,456
Total liabilities	237,150	337,170	1,198,883	1,432,884	1,760,176
Commitments and contingencies (note 6)					
Shareholders' equity:					
Common stock, $0.01 par value. Authorized 120,000,000 shares; issued and outstanding 55,662,400 and 55,935,237 shares, respectively.	554	557	557	559	556
Additional paid-in capital	346,300	352,702	322,330	321,075	280,666
Retained earnings	111,704	261,835	436,891	560,252	839,062
Total shareholders' equity	458,558	615,094	759,778	881,886	1,120,284
Total liabilities and shareholders' equity (deficit)	$ 695,708	$ 952,264	$ 1,958,661	$ 2,314,770	$ 2,880,460
Common stock, par value (in dollars per share)	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01
Common Stock, Shares Authorized	120,000,000	120,000,000	120,000,000	120,000,000	120,000,000
Common stock, shares issued	55,438,089	55,759,048	55,712,067	55,935,237	55,662,400
Common stock, shares outstanding	55,438,089	55,759,048	55,712,067	55,935,237	55,662,400
Long-term Investments	27,702	-	-	-	37,717

Five Below, Inc.
Income Statement - USD ($) $ in Thousands
FYE 12/31/2017 through 12/31/2021

	2017	2018	2019	2020	2021
Revenue	$ 1,278,208	$ 1,559,563	$ 1,846,730	$ 1,962,137	$ 2,848,354
Cost of goods sold	814,795	994,478	1,172,764	1,309,807	1,817,910
Gross profit	463,413	565,085	673,966	652,330	1,030,444
Selling, general and administrative expenses	306,022	377,901	456,682	497,527	650,564
Operating income	157,391	187,184	217,284	154,803	379,880
Interest (expense) income and other (expense) income, net	(1,458)	(4,623)	(4,285)	1,736	13,177
Net income before income taxes	158,849	191,807	221,569	153,067	366,703
Income tax expense	56,398	42,162	46,513	29,706	87,893
Net income	$ 102,451	$ 149,645	$ 175,056	$ 123,361	$ 278,810
Basic (loss) income per common share (dollars per share)	$ 1.86	$ 2.68	$ 3.14	$ 2.21	$ 4.98
Diluted (loss) income per common share (dollars per share)	$ 1.84	$ 2.66	$ 3.12	$ 2.20	$ 4.95
Weighted average shares outstanding:					
Basic shares	55,208,246	55,763,034	55,823,535	55,816,508	55,999,713
Diluted shares	55,561,472	56,220,864	56,166,167	56,060,039	56,303,854

Five Below, Inc.
Vertical Balance Sheet Analysis - USD ($) $ in Thousands
FYE 12/31/2017 through 12/31/2021

	2021		2017		2020		2017		2019		2017		2018		2017	
	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%
Current assets:																
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	$ 64,973	2.26	$ 112,669	16.19	$ 268,783	11.61	$ 112,669	16.19	$ 202,490	10.34	$ 112,669	16.19	$ 251,748	26.44	$ 112,669	16.19
Short-term investment securities	277,141	9.62	131,958	18.97	140,928	6.09	131,958	18.97	59,229	3.02	131,958	18.97	85,412	8.97	131,958	18.97
Inventories	455,104	15.80	187,037	26.88	281,267	12.15	187,037	26.88	324,028	16.54	187,037	26.88	243,636	25.58	187,037	26.88
Prepaid income taxes and tax receivable	11,325	0.39	2,264	0.33	6,350	0.27	2,264	0.33	4,063	0.21	2,264	0.33	1,337	0.14	2,264	0.33
Prepaid expenses and other current assets	96,196	3.34	45,434	6.53	58,085	2.51	45,434	6.53	75,903	3.88	45,434	6.53	60,124	6.31	45,434	6.53
Total current assets	904,739	31.41	479,362	68.90	755,413	32.63	479,362	68.90	665,713	33.99	479,362	68.90	642,257	67.45	479,362	68.90
Property and equipment, net	777,497	26.99	180,349	25.92	565,351	24.42	180,349	25.92	439,086	22.42	180,349	25.92	301,297	31.64	180,349	25.92
Operating lease assets	1,151,395	39.97	-	-	975,862	42.16	-	-	842,988	43.04	-	-	-	-	-	-
Deferred income taxes	-	-	6,676	0.96	-	-	6,676	0.96	-	-	6,676	0.96	6,126	0.64	6,676	0.96
Other assets	9,112	0.32	1,619	0.23	18,144	0.78	1,619	0.23	10,874	0.56	1,619	0.23	2,584	0.27	1,619	0.23
Total assets	$ 2,880,460	100.00	$ 695,708	100.00	$ 2,314,770	100.00	$ 695,708	100.00	$ 1,958,661	100.00	$ 695,708	100.00	$ 952,264	100.00	$ 695,708	100.00
Current liabilities:																
Line of credit	$ -	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -	-	$ -	-
Accounts payable	196,461	6.82	73,033	10.50	138,622	5.99	73,033	10.50	130,242	6.65	73,033	10.50	103,692	10.89	73,033	10.50
Income taxes payable	28,096	0.98	25,275	3.63	2,025	0.09	25,275	3.63	9,505	0.49	25,275	3.63	20,626	2.17	25,275	3.63
Accrued salaries and wages	53,539	1.86	22,906	3.29	43,445	1.88	22,906	3.29	19,873	1.01	22,906	3.29	24,586	2.58	22,906	3.29
Other accrued expenses	145,268	5.04	43,246	6.22	108,504	4.69	43,246	6.22	81,255	4.15	43,246	6.22	104,201	10.94	43,246	6.22
Operating lease liabilities	163,537	5.68	-	-	143,074	6.18	-	-	110,470	5.64	-	-	-	-	-	-
Total current liabilities	586,901	20.38	164,460	23.64	435,670	18.82	164,460	23.64	351,345	17.94	164,460	23.64	253,105	26.58	164,460	23.64
Other long-term liabilities	1,663	0.06	-	-	1,048	0.05	-	-	-	-	-	-	-	-	-	-
Deferred rent and other	-	-	72,690	10.45	-	-	72,690	10.45	1,199	0.06	72,690	10.45	-	-	72,690	10.45
Deferred rent and other	-	-	-	-	-	-	-	-	1,199	0.06	-	-	84,065	8.83	-	-
Deferred income taxes	36,156	1.26	-	-	28,911	1.25	-	-	8,716	0.44	-	-	-	-	-	-
Long-term operating lease liabilities	1,135,456	39.42	-	-	967,255	41.79	-	-	837,623	42.77	-	-	-	-	-	-
Total liabilities	1,760,176	61.11	237,150	34.09	1,432,884	61.90	237,150	34.09	1,198,883	61.21	237,150	34.09	337,170	35.41	237,150	34.09
Commitments and contingencies (note 6)																
Shareholders' equity:																
Common stock, $0.01 par value. Authorized 120,000,000 shares; issued and outstanding 55,662,400 and 55,935,237 shares, respectively.	556	0.02	554	0.08	559	0.02	554	0.08	557	0.03	554	0.08	557	0.06	554	0.08
Additional paid-in capital	280,666	9.74	346,300	49.78	321,075	13.87	346,300	49.78	322,330	16.46	346,300	49.78	352,702	37.04	346,300	49.78
Retained earnings	839,062	29.13	111,704	16.06	560,252	24.20	111,704	16.06	436,891	22.31	111,704	16.06	261,835	27.50	111,704	16.06
Total shareholders' equity	1,120,284	38.89	458,558	65.91	881,886	38.10	458,558	65.91	759,778	38.79	458,558	65.91	615,094	64.59	458,558	65.91
Total liabilities and shareholders' equity (deficit)	$ 2,880,460	100.00	$ 695,708	100.00	$ 2,314,770	100.00	$ 695,708	100.00	$ 1,958,661	100.00	$ 695,708	100.00	$ 952,264	100.00	$ 695,708	100.00

Five Below, Inc.
Vertical Income Statement Analysis - USD ($) $ in Thousands
FYE 12/31/2017 through 12/31/2021

	2021		2017		2020		2017		2019		2017		2018		2017	
	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%
Net sales	$ 2,848,354	100.00	$ 1,278,208	100.00	$ 1,962,137	100.00	$ 1,278,208	100.00	$ 1,846,730	100.00	$ 1,278,208	100.00	$ 1,559,563	100.00	$ 1,278,208	100.00
Cost of goods sold	1,817,910	63.82	814,795	63.75	1,309,807	66.75	814,795	63.75	1,172,764	63.50	814,795	63.75	994,478	63.77	814,795	63.75
Gross profit	1,030,444	36.18	463,413	36.25	652,330	33.25	463,413	36.25	673,966	36.50	463,413	36.25	565,085	36.23	463,413	36.25
Selling, general and administrative expenses	650,564	22.84	306,022	23.94	497,527	25.36	306,022	23.94	456,682	24.73	306,022	23.94	377,901	24.23	306,022	23.94
Operating income	379,880	13.34	157,391	12.31	154,803	7.89	157,391	12.31	217,284	11.77	157,391	12.31	187,184	12.00	157,391	12.31
Interest (expense) income and other (expense) income, net	13,177	0.46	(1,458)	(0.11)	1,736	0.09	(1,458)	(0.11)	(4,285)	(0.23)	(1,458)	(0.11)	(4,623)	(0.30)	(1,458)	(0.11)
Net income before income taxes	366,703	12.87	158,849	12.43	153,067	7.80	158,849	12.43	221,569	12.00	158,849	12.43	191,807	12.30	158,849	12.43
Income tax expense	87,893	3.09	56,398	4.41	29,706	1.51	56,398	4.41	46,513	2.52	56,398	4.41	42,162	2.70	56,398	4.41
Net income	$ 278,810	9.79	$ 102,451	8.02	$ 123,361	6.29	$ 102,451	8.02	$ 175,056	9.48	$ 102,451	8.02	$ 149,645	9.60	$ 102,451	8.02
Basic (loss) income per common share (dollars per share)	$ 4.98		$ 1.86		$ 2.21		$ 1.86		$ 3.14		$ 1.86		$ 2.68		$ 1.86	
Diluted (loss) income per common share (dollars per share)	$ 4.95		$ 1.84		$ 2.20		$ 1.84		$ 3.12		$ 1.84		$ 2.66		$ 1.84	
Weighted average shares outstanding:																
Basic shares	55,999,713		55,208,246		55,816,508		55,208,246		55,823,535		55,208,246		55,763,034		55,208,246	
Diluted shares	56,303,854		55,561,472		56,060,039		55,561,472		56,166,167		55,561,472		56,220,864		55,561,472	

Five Below, Inc.
Horizontal Balance Sheet Analysis - USD ($) $ in Thousands
FYE 12/31/2017 through 12/31/2021

	2021	2017	Change $	Change %	2020	2017	Change $	Change %	2019	2017	Change $	Change %	2018	2017	Change $	Change %
Current assets:																
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	$ 64,973	$ 112,669	$ (47,696)	(42.33)	$ 268,783	$ 112,669	$ 156,114	138.56	$ 202,490	$ 112,669	$ 89,821	79.72	$ 251,748	$ 112,669	$ 139,079	123.44
Short-term investment securities	277,141	131,958	145,183	110.02	140,928	131,958	8,970	6.80	59,229	131,958	(72,729)	(55.12)	85,412	131,958	(46,546)	(35.27)
Inventories	455,104	187,037	268,067	143.32	281,267	187,037	94,230	50.38	324,028	187,037	136,991	73.24	243,636	187,037	56,599	30.26
Prepaid income taxes and tax receivable	11,325	2,264	9,061	400.22	6,350	2,264	4,086	180.48	4,063	2,264	1,799	79.46	1,337	2,264	(927)	(40.95)
Prepaid expenses and other current assets	96,196	45,434	50,762	111.73	58,085	45,434	12,651	27.84	75,903	45,434	30,469	67.06	60,124	45,434	14,690	32.33
Total current assets	904,739	479,362	425,377	88.74	755,413	479,362	276,051	57.59	665,713	479,362	186,351	38.87	642,257	479,362	162,895	33.98
Property and equipment, net	777,497	180,349	597,148	331.11	565,351	180,349	385,002	213.48	439,086	180,349	258,737	143.46	301,297	180,349	120,948	67.06
Operating lease assets	1,151,395	-	1,151,395	-	975,862	-	975,862	-	842,988	-	842,988	-	-	-	-	-
Deferred income taxes	-	6,676	(6,676)	(100.00)	-	6,676	(6,676)	(100.00)	-	6,676	(6,676)	(100.00)	6,126	6,676	(550)	(8.24)
Other assets	9,112	1,619	7,493	462.82	18,144	1,619	16,525	1,020.69	10,874	1,619	9,255	571.65	2,584	1,619	965	59.60
Total assets	$ 2,880,460	$ 695,708	$ 2,184,752	314.03	$ 2,314,770	$ 695,708	$ 1,619,062	232.72	$ 1,958,661	$ 695,708	$ 1,262,953	181.53	$ 952,264	$ 695,708	$ 256,556	36.88
Current liabilities:																
Line of credit	$ -	$ -	-	-	$ -	$ -	-	-	$ -	$ -	-	-	$ -	$ -	-	-
Accounts payable	196,461	73,033	123,428	169.00	138,622	73,033	65,589	89.81	130,242	73,033	57,209	78.33	103,692	73,033	30,659	41.98
Income taxes payable	28,096	25,275	2,821	11.16	2,025	25,275	(23,250)	(91.99)	9,505	25,275	(15,770)	(62.39)	20,626	25,275	(4,649)	(18.39)
Accrued salaries and wages	53,539	22,906	30,633	133.73	43,445	22,906	20,539	89.67	19,873	22,906	(3,033)	(13.24)	24,586	22,906	1,680	7.33
Other accrued expenses	145,268	43,246	102,022	235.91	108,504	43,246	65,258	150.90	81,255	43,246	38,009	87.89	104,201	43,246	60,955	140.95
Operating lease liabilities	163,537	-	163,537	-	143,074	-	143,074	-	110,470	-	110,470	-	-	-	-	-
Total current liabilities	586,901	164,460	422,441	256.87	435,670	164,460	271,210	164.91	351,345	164,460	186,885	113.64	253,105	164,460	88,645	53.90
Other long-term liabilities	1,663	-	1,663	-	1,048	-	1,048	-	-	-	-	-	-	-	-	-
Deferred rent and other	-	72,690	(72,690)	(100.00)	-	72,690	(72,690)	(100.00)	1,199	72,690	(71,491)	(98.35)	-	72,690	(72,690)	(100.00)
Deferred rent and other	-	-	-	-	-	-	-	-	1,199	-	1,199	-	84,065	-	84,065	-
Deferred income taxes	36,156	-	36,156	-	28,911	-	28,911	-	8,716	-	8,716	-	-	-	-	-
Long-term operating lease liabilities	1,135,456	-	1,135,456	-	967,255	-	967,255	-	837,623	-	837,623	-	-	-	-	-
Total liabilities	1,760,176	237,150	1,523,026	642.22	1,432,884	237,150	1,195,734	504.21	1,198,883	237,150	961,733	405.54	337,170	237,150	100,020	42.18
Commitments and contingencies (note 6)			-	-			-	-			-	-			-	-
Shareholders' equity:			-	-			-	-			-	-			-	-
Common stock, $0.01 par value. Authorized 120,000,000 shares; issued and outstanding 55,662,400 and 55,935,237 shares, respectively.	556	554	2	0.36	559	554	5	0.90	557	554	3	0.54	557	554	3	0.54
Additional paid-in capital	280,666	346,300	(65,634)	(18.95)	321,075	346,300	(25,225)	(7.28)	322,330	346,300	(23,970)	(6.92)	352,702	346,300	6,402	1.85
Retained earnings	839,062	111,704	727,358	651.15	560,252	111,704	448,548	401.55	436,891	111,704	325,187	291.11	261,835	111,704	150,131	134.40
Total shareholders' equity	1,120,284	458,558	661,726	144.31	881,886	458,558	423,328	92.32	759,778	458,558	301,220	65.69	615,094	458,558	156,536	34.14
Total liabilities and shareholders' equity (deficit)	$ 2,880,460	$ 695,708	$ 2,184,752	314.03	$ 2,314,770	$ 695,708	$ 1,619,062	232.72	$ 1,958,661	$ 695,708	$ 1,262,953	181.53	$ 952,264	$ 695,708	$ 256,556	36.88

Five Below, Inc.
Horizontal Income Statement Analysis - USD ($) $ in Thousands
FYE 12/31/2017 through 12/31/2021

	2021	2017	Change $	Change %	2020	2017	Change $	Change %
Net sales	$ 2,848,354	$ 1,278,208	$ 1,570,146	122.84	$1,962,137	$1,278,208	$ 683,929	53.51
Cost of goods sold	1,817,910	814,795	1,003,115	123.11	1,309,807	814,795	495,012	60.75
Gross profit	1,030,444	463,413	567,031	122.36	652,330	463,413	188,917	40.77
Selling, general and administrative expenses	650,564	306,022	344,542	112.59	497,527	306,022	191,505	62.58
Operating income	379,880	157,391	222,489	141.36	154,803	157,391	(2,588)	(1.64)
Interest (expense) income and other (expense) income, net	13,177	(1,458)	14,635	(1,003.77)	1,736	(1,458)	3,194	(219.07)
Net income before income taxes	366,703	158,849	207,854	130.85	153,067	158,849	(5,782)	(3.64)
Income tax expense	87,893	56,398	31,495	55.84	29,706	56,398	(26,692)	(47.33)
Net income	$ 278,810	$ 102,451	$ 176,359	172.14	$ 123,361	$ 102,451	$ 20,910	20.41
Basic (loss) income per common share (dollars per share)	$ 4.98	$ 1.86			$ 2.21	$ 1.86		
Diluted (loss) income per common share (dollars per share)	$ 4.95	$ 1.84			$ 2.20	$ 1.84		
Weighted average shares outstanding:								
Basic shares	55,999,713	55,208,246			55,816,508	55,208,246		
Diluted shares	56,303,854	55,561,472			56,060,039	55,561,472		

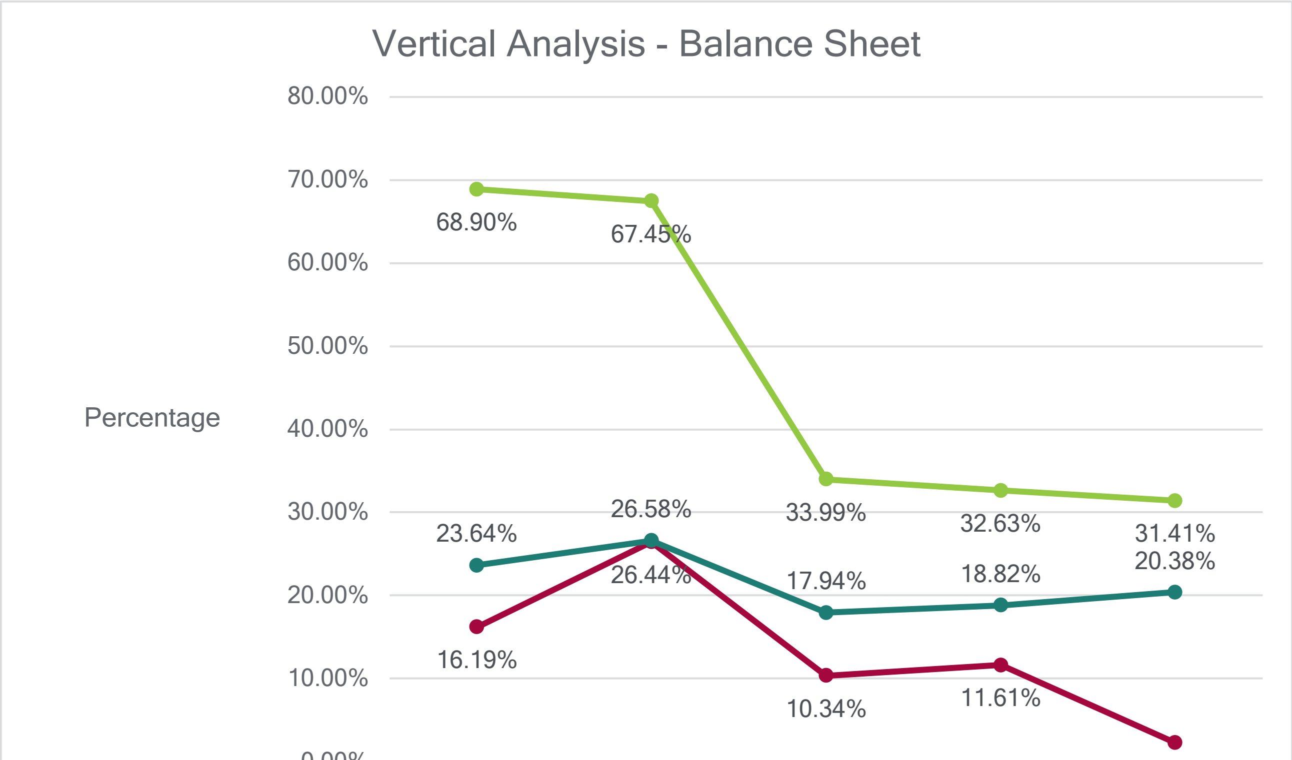
	2019	2017	Change $	Change %	2018	2017	Change $	Change %
Net sales	$1,846,730	$1,278,208	$ 568,522	44.48	$1,559,563	$1,278,208	$ 281,355	22.01
Cost of goods sold	1,172,764	814,795	357,969	43.93	994,478	814,795	179,683	22.05
Gross profit	673,966	463,413	210,553	45.44	565,085	463,413	101,672	21.94
Selling, general and administrative expenses	456,682	306,022	150,660	49.23	377,901	306,022	71,879	23.49
Operating income	217,284	157,391	59,893	38.05	187,184	157,391	29,793	18.93
Interest (expense) income and other (expense) income, net	(4,285)	(1,458)	(2,827)	193.90	(4,623)	(1,458)	(3,165)	217.08
Net income before income taxes	221,569	158,849	62,720	39.48	191,807	158,849	32,958	20.75
Income tax expense	46,513	56,398	(9,885)	(17.53)	42,162	56,398	(14,236)	(25.24)
Net income	$ 175,056	$ 102,451	$ 72,605	70.87	$ 149,645	$ 102,451	$ 47,194	46.06
Basic (loss) income per common share (dollars per share)	$ 3.14	$ 1.86			$ 2.68	$ 1.86		
Diluted (loss) income per common share (dollars per share)	$ 3.12	$ 1.84			$ 2.66	$ 1.84		
Weighted average shares outstanding:								
Basic shares	55,823,535	55,208,246			55,763,034	55,208,246		
Diluted shares	56,166,167	55,561,472			56,220,864	55,561,472		

Student: Alex Strain

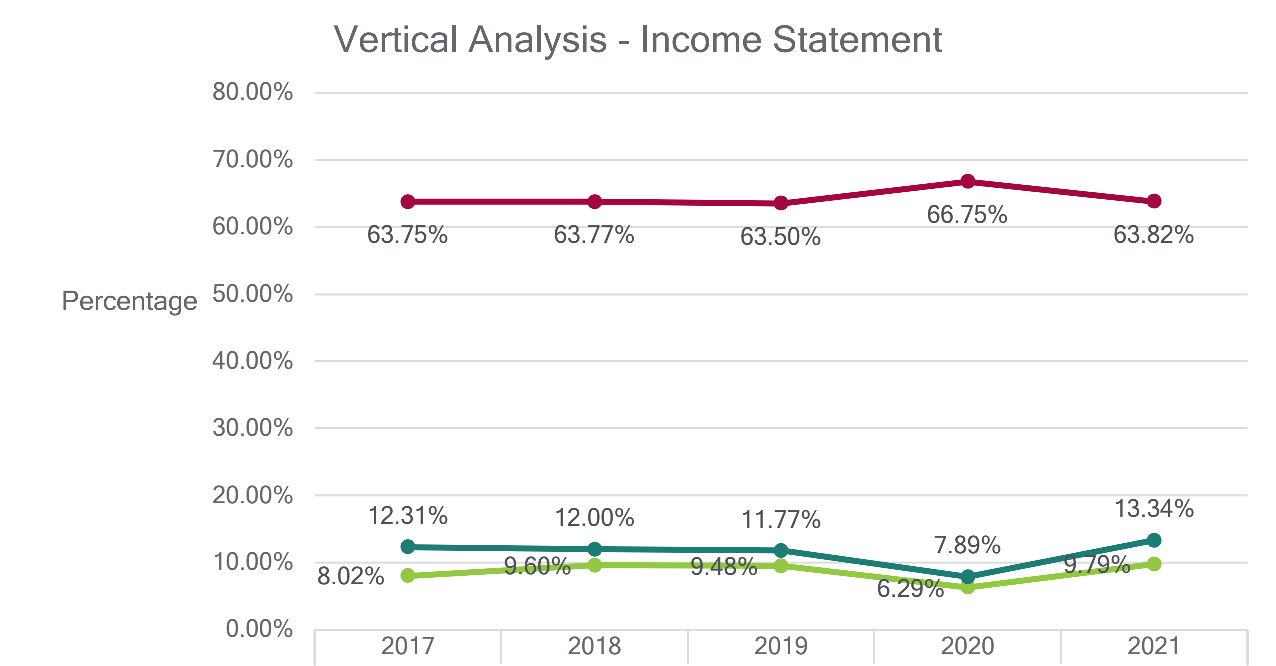
Five Below, Inc. - DCF *(In Thousands)*	Reported 2021	Horizon Period 2022	2023	2024	2025	2026	Terminal Value
Capital Growth Rate (WACC)	10.51%						
Terminal Growth Rate	6.50%						
Forecast Assumptions							
Revenue Growth Rate		15.0%	14.0%	13.0%	12.0%	11.0%	6.5%
NOPAT/ Revenue	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
NOAT (Revenue/ Net Operating Assets)	4.55	4.55	4.55	4.55	4.55	4.55	4.55
Revenues	$ 2,848,354	3,275,607	3,734,192	4,219,637	4,725,994	5,245,853	5,586,833
NOPAT (Net Operating Profit After Tax)	300,105	345,121	393,438	444,585	497,935	552,708	588,634
NOA (Net Operating Assets)	625,483	719,305	820,008	926,609	1,037,802	1,151,961	1,226,838
Change in NOA		93,822	100,703	106,601	111,193	114,158	74,877
FCF		251,299	292,735	337,984	386,742	438,550	513,756
Present Value of Horizon period FCF	$ 1,242,920.25	227,399	239,702	250,433	259,307	266,079	
Persent Value of Terminal Period FCF	7,773,292.69						
Total Present Value of FCF	9,016,212.94						
Less (Plus) NNO	(494,801.00)						
Enterprise Value	$ 9,511,013.94						
Add: Cash & Cash Equivalents	64,973.00						
Equity Value	$ 9,575,987						
Diluted Shares Outstanding	55,720						
Equity Value Per Share	$ 171.86						

Student: Alex Strain

Five Below, Inc. - DCF *(In Thousands)*	Reported 2021	Horizon Period 2022	2023	2024	2025	2026
Capital Growth Rate (WACC)	10.51%					
Terminal Growth Rate	6.50%					
Diluted Shares Outstanding	55,720					
Exit Multiple	7.00 x					
EBITDA Growth Rate		15.0%	14.0%	13.0%	12.0%	11.0%
EBITDA	$ 463,711	$ 533,268	$ 607,925	$ 686,955	$ 769,390	$ 854,023
Less: Depreciation & Amortization	84,831	97,556	111,213	125,671	140,752	156,234
EBIT	378,880	435,712	496,712	561,284	628,638	697,789
Less: Taxes @ 21%	79,565	91,500	104,309	117,870	132,014	146,536
Net Income	299,315	344,212	392,402	443,415	496,624	551,253
Plus: Depreciation & Amortization	384,146	441,768	503,616	569,086	637,376	707,487
Less: CAPEX	297,146	341,718	389,558	440,201	493,025	547,258
Less: change in NWC	1,735	1,995	2,275	2,570	2,879	3,195
Unlevered CF	$ 85,265	$ 98,055	$ 111,783	$ 126,314	$ 141,472	$ 157,034
Terminal Value at 2026	$ 5,978,160.56					
Present Value of Explicit FCF	$463,987.74					
Present Value of Termial Value	$3,746,135.29					
Total Enterprise Value	$ 4,210,123.03					
Add: Cash & Cash Equivalents	$ 64,973.00					
Equity Value	$ 4,275,096.03					
Equity Value Per Share	$ 76.72					

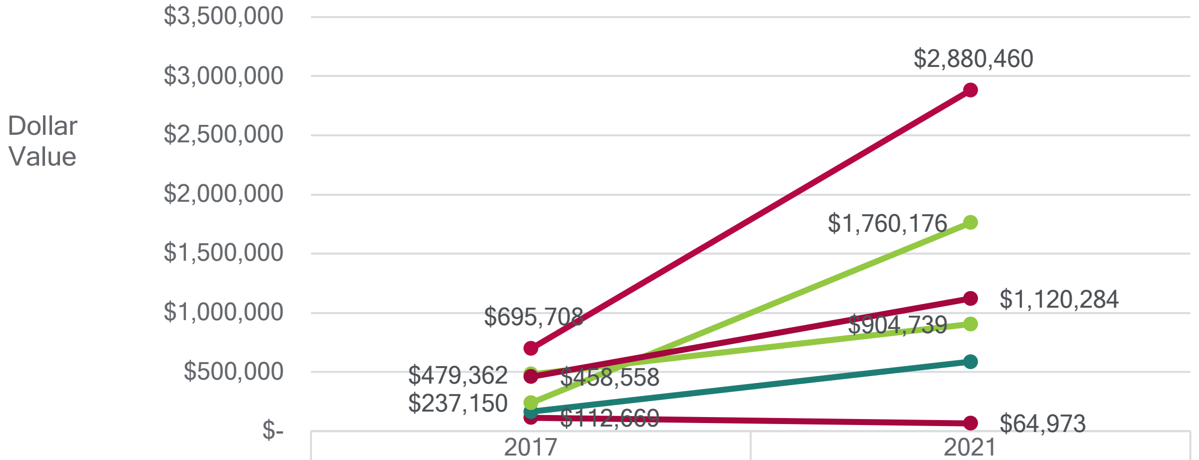


	2017	2018	2019	2020	2021
	Percent of Total Assets and Liabilities and Shareholder's Equity				
Cash & Cash Equivalents	16.19%	26.44%	10.34%	11.61%	2.26%
Total Current Assets	68.90%	67.45%	33.99%	32.63%	31.41%
Total Current Liabilities	23.64%	26.58%	17.94%	18.82%	20.38%

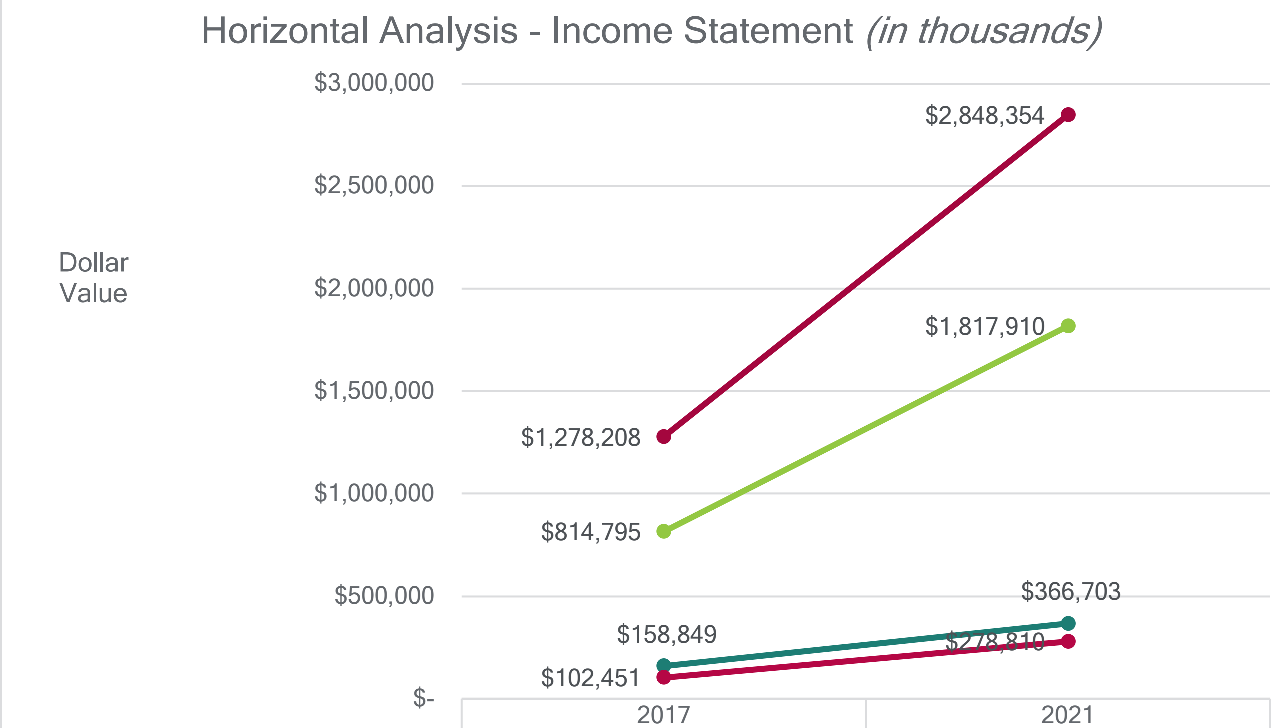


	2017	2018	2019	2020	2021
Cost of goods sold	63.75%	63.77%	63.50%	66.75%	63.82%
Net income	8.02%	9.60%	9.48%	6.29%	9.79%
Operating income	12.31%	12.00%	11.77%	7.89%	13.34%

Horizontal Analysis - Balance Sheet *(in thousands)*



	2017	2021
Cash & Cash Equivalents	$112,669	$64,973
Current Assets	$479,362	$904,739
Current Liabilities	$164,460	$586,901
Total Assets	$695,708	$2,880,460
Total Liabilities	$237,150	$1,760,176
Total Shareholders’ Equity	$458,558	$1,120,284

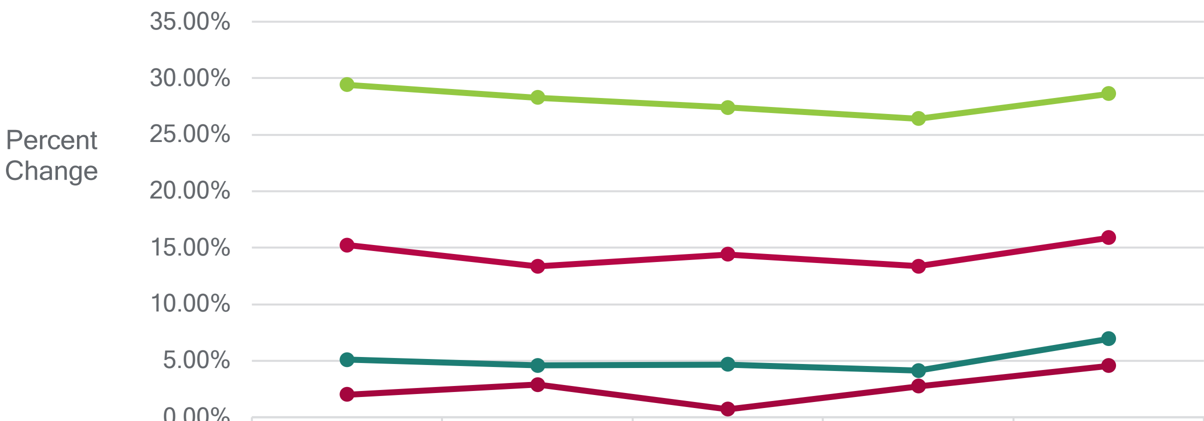


	2017	2021
Net sales	$1,278,208	$2,848,354
Cost of goods sold	$814,795	$1,817,910
Net income before income taxes	$158,849	$366,703
Net income	$102,451	$278,810

Five Below Key Ratios

	2017	2018	2019	2020	2021
Revenue Growth	27.82%	22.01%	18.41%	6.25%	45.17%
Gross Profit Margin	42.29%	46.06%	16.98%	-29.53%	126.01%
ROA	14.37%	14.73%	15.71%	8.94%	5.33%
ROE	21.71%	22.34%	24.33%	23.04%	13.99%

Department and Discount Retail Industry Key Ratios



	2017	2018	2019	2020	2021
Revenue Growth	2.00%	2.87%	0.70%	2.73%	4.54%
Gross Profit Margin	29.41%	28.27%	27.39%	26.41%	28.63%
ROA	5.08%	4.58%	4.66%	4.13%	6.93%
ROE	15.22%	13.35%	14.40%	13.37%	15.87%

Company Name	Market Cap	EV	EV/Revenue	EV/EBITDA	Forward P/E	P/B	P/S
Five Below, Inc.	$ 9,130,000,000	$ 10,120,000,000	3.55	45.18	24.90	8.15	3.21
Dollar General Corporation	$ 54,340,000,000	$ 68,240,000,000	1.99	17.67	20.70	8.68	1.64
Best Buy Co., Inc.	$ 22,580,000,000	$ 23,100,000,000	1.41	22.40	10.91	5.28	0.49
Target Corporation	$ 103,880,000,000	$ 113,390,000,000	3.66	40.34	16.64	7.53	1.06
Walmart Inc.	$ 386,020,000,000	$ 427,710,000,000	2.80	54.01	20.96	4.69	0.69
Dollar Tree, Inc.	$ 29,540,000,000	$ 38,610,000,000	5.45	50.31	16.31	4.08	1.17
Average	$ 119,272,000,000	$ 134,210,000,000	3.06	36.95	17.10	6.05	1.01
Median	$ 54,340,000,000	$ 68,240,000,000	2.80	40.34	16.64	5.28	1.06

Five Below - Median	EV/Revenue	EV/EBITDA	Forward P/E	P/B	P/S
Enterprise Value	$ 7,981,971,831	$ 9,036,160,000			
Equity Value	$ 6,991,971,831	$ 8,046,160,000	$ 6,101,937,920	$ 5,915,099,520	$ 3,019,255,240
Equity Value Per Share	$ 125.48	$ 144.40	$ 109.51	$ 106.16	$ 54.19
Valuation	Overvalued	Overvalued	Overvalued	Overvalued	Overvalued

Five Below Shares Outstanding:
55,720,000
Five Below Current Price:
$ 163.85

Company Name	Revenue	EBITDA	Earnings	Book Value of Equity	Net Debt	Sales
Five Below, Inc.	$ 2,850,704,225	$ 224,000,000	$ 366,703,000	$ 1,120,284,000	$ 990,000,000	$ 2,848,354,000
Dollar General Corporation	$ 34,291,457,286	$ 3,861,912,847	$ 2,625,120,773	$ 6,260,368,664	$ 13,900,000,000	$ 33,134,146,341
Best Buy Co., Inc.	$ 16,382,978,723	$ 1,031,250,000	$ 2,069,660,862	$ 4,276,515,152	$ 520,000,000	$ 46,081,632,653
Target Corporation	$ 30,980,874,317	$ 2,810,857,709	$ 6,242,788,462	$ 13,795,484,728	$ 9,510,000,000	$ 98,000,000,000
Walmart Inc.	$ 152,753,571,429	$ 7,919,089,058	$ 18,416,984,733	$ 82,307,036,247	$ 41,690,000,000	$ 559,449,275,362
Dollar Tree, Inc.	$ 7,084,403,670	$ 767,441,860	$ 1,811,158,798	$ 7,240,196,078	$ 9,070,000,000	$ 25,247,863,248

Maximum	EV/Revenue	EV/EBITDA	P/E	P/B	P/S
Enterprise Value	$ 15,536,338,028	$ 12,098,240,000			
Equity Value	$ 14,546,338,028	$ 11,108,240,000	$ 19,097,892,240	$ 15,773,598,720	$ 10,652,843,960
Equity Value Per Share	$ 261.06	$ 199.36	$ 342.75	$ 283.09	$ 191.19

FiveBelow, Inc. - Level	EV/Revenue	EV/EBITDA	P/E	P/B	P/S
Enterprise Value	$ 10,120,000,000	$ 10,120,320,000			
Equity Value	$ 9,130,000,000	$ 9,130,320,000	$ 9,130,000,000	$ 9,130,000,000	$ 9,130,000,000
Equity Value Per Share	$ 163.85	$ 163.86	$ 163.85	$ 163.85	$ 163.85

Minimum	EV/Revenue	EV/EBITDA	P/E	P/B	P/S
Enterprise Value	$ 4,019,492,958	$ 4,719,680,000			
Equity Value	$ 3,029,492,958	$ 3,729,680,000	$ 4,000,729,730	$ 5,915,099,520	$ 1,395,693,460
Equity Value Per Share	$ 54.37	$ 66.94	$ 71.80	$ 106.16	$ 25.05

Multiples	Value
EV/Revenue (High)	5.45
EV/EBITDA (High)	54.01
P/E (High)	52.08
P/B (High)	14.08
P/S (High)	3.74

Multiples	Value
EV/Revenue (Low)	1.41
EV/EBITDA (Low)	21.07
P/E (Low)	10.91
P/B (Low)	5.28
P/S (Low)	0.49

Exit Multiple Method		
Present Value of Explicit FCF	$	463,987.74
Terminal Value		
Terminal Year EBITDA		854,023
Exit Multiple		7.00x
Terminal Value	$	5,978,160.56
Discount Rate		6.50%
Present Value of Terminal Value	$	10,100,333.47
Enterprise Value	**$**	**4,210,123.03**

Perpetuity Growth Method		
Present Value of Horizon FCF	$	1,242,920.25
Terminal Value		
Terminal Year FCF		513,756
Perpetuity Growth Rate		6.5%
Discount Rate		10.51%
Present Value of Terminal Value	$	7,773,292.69
Enterprise Value	**$**	**9,511,013.94**

Implied Equity Value & Share Price		
Enterprise Value	$	4,210,123.03
Add: Cash & Cash Equivalents		64,973
Implied Equity Value	$	4,275,096
Diluted Shares Outstanding		55,720
Implied Price Per Share	**$**	**76.72**

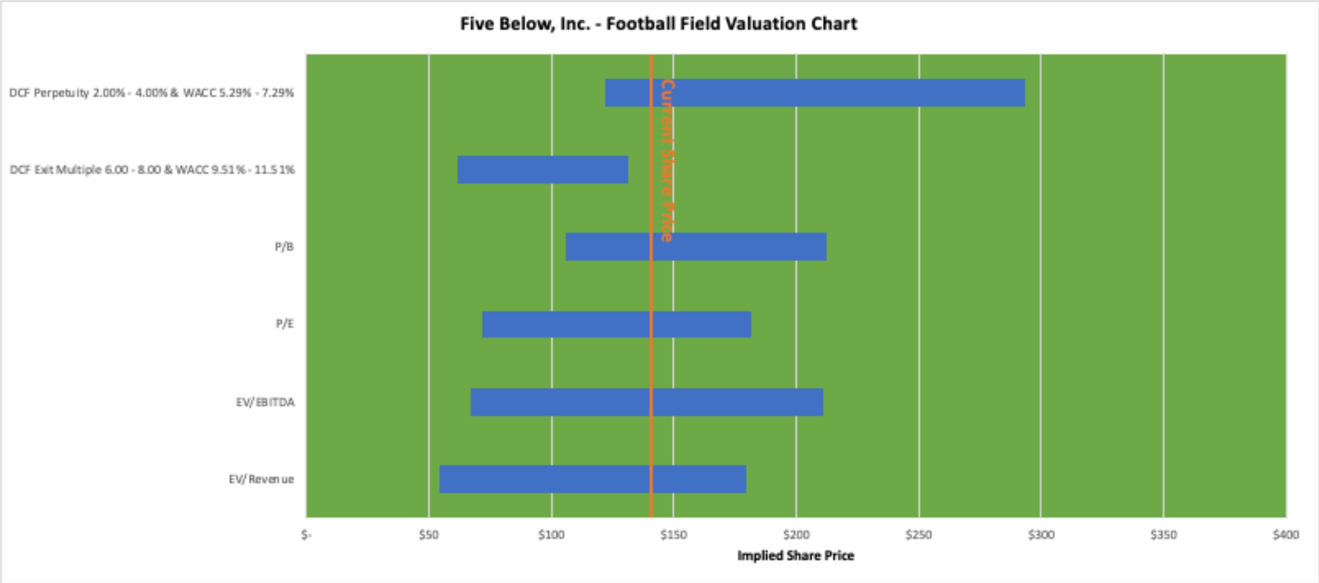
Implied Equity Value & Share Price		
Enterprise Value	$	9,511,013.94
Add: Cash & Cash Equivalents		64,973
Implied Euity Value	$	9,575,987
Diluted Shares Outstanding		55,720
Implied Price Per Share	**$**	**171.86**

Sensitivity Analysis Table

		WACC				
	$ 171.86	8.51%	9.51%	**10.51%**	11.51%	12.51%
Perpetuity Growth Rate	4.50%	190.06	152.57	127.61	109.81	96.50
	5.50%	239.65	180.68	145.32	121.76	104.97
	6.50%	338.58	227.48	**171.86**	138.49	116.26
	7.50%	633.41	320.85	216.04	163.55	132.05
	8.50%	59,894.53	599.10	304.18	205.27	155.73

Sensitivity Analysis Table

		WACC				
	$ 76.72	8.51%	9.51%	**10.51%**	11.51%	12.51%
Exit Multiple	5.00	65.72	62.72	59.89	57.23	54.72
	6.00	75.11	71.61	68.31	65.21	62.28
	7.00	84.50	80.49	**76.72**	73.18	69.84
	8.00	93.89	89.38	85.14	81.15	77.39
	9.00	103.28	98.27	93.55	89.12	84.95



	Monetary Value									
	Minimum	25th Percentile	Median	75th Percentile	Maximum	Minimum Point	25th % Point	Median Point	75th % Point	Maximum Point
EV/Revenue	54.37	-	125.48	-	261.06	54.37	-	125.48	-	261.06
EV/EBITDA	66.94	-	144.40	-	199.36	66.94	-	144.40	-	199.36
P/E	71.80	-	109.51	-	342.75	71.80	-	109.51	-	342.75
P/B	106.16	-	106.16	-	283.09	106.16	-	106.16	-	283.09
DCF Exit Multiple 6.00 - 8.00 & WACC 9.51% - 11.51%	65.21	-	76.72	-	89.38	65.21	-	76.72	-	89.38
DCF Perpetuity 2.00% - 4.00% & WACC 5.29% - 7.29%	121.76	-	171.86	-	320.85	121.76	-	171.86	-	320.85
Current Share Price	$ 144.87	$ 144.87	$ 144.87	$ 144.87	$ 144.87	$ 144.87	$ 144.87	$ 144.87	$ 144.87	$ 144.87

Five Below, Inc.

Final Valuation Analysis

Method	Valuation	Weight	Weighted Value
EV/Revenue	$ 125.48	0.15	$ 18.82
EV/EBITDA	$ 144.40	0.15	$ 21.66
P/E	$ 109.51	0.05	$ 5.48
P/B	$ 106.16	0.05	$ 5.31
DCF - Exit Multiple Method	$ 76.72	0.10	$ 7.67
DCF - Perpetuity Method	$ 171.86	0.50	$ 85.93
Total	$ 734.13	1.00	$ 144.87