

# Sonos Model

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
<b>Topline</b>																					
Sonos Speakers revenue, mm						965.1	1'008.4	1'034.8	1'378.8	1'368.9											
Sonos System Products revenue, mm						156.6	187.2	218.8	265.2	297.1											
Partner Products and Other Revenue, mm						15.4	65.2	72.7	72.8	86.3											
<b>Total Revenue, mm</b>	<b>\$441.9</b>	<b>\$774.5</b>	<b>\$843.5</b>	<b>\$901.3</b>	<b>\$992.5</b>	<b>\$1'137.0</b>	<b>1'260.8</b>	<b>1'326.3</b>	<b>1'716.7</b>	<b>1'752.3</b>	<b>1'750.2</b>	<b>1'923.6</b>	<b>2'064.9</b>	<b>2'209.4</b>	<b>2'364.1</b>	<b>2'517.8</b>	<b>2'681.4</b>	<b>2'842.3</b>	<b>3'012.8</b>	<b>3'193.6</b>	<b>3'369.3</b>
<b>Total Revenue Growth, %</b>		<b>75.3%</b>	<b>8.9%</b>	<b>6.8%</b>	<b>10.1%</b>	<b>14.6%</b>	<b>10.9%</b>	<b>5.2%</b>	<b>29.4%</b>	<b>2.1%</b>	<b>-0.1%</b>	<b>9.9%</b>	<b>7.3%</b>	<b>7.0%</b>	<b>7.0%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>5.5%</b>

<b>Operating Stats</b>											<b>Key Assumptions in Light Green</b>											
Products Sold, 000s products	1'474.0	2'938.0	3'401.0	3'514.0	3'935.0	5'077.7	6'204.0	5'806.0	6'503.0	6'281.0	6'442.7	7'094.9	7'591.5	8'122.9	8'691.6	8'691.6	8'691.6	8'691.6	8'691.6	8'691.6	8'691.6	
YoY growth of products sold, %		99.3%	15.8%	3.3%	12.0%	29.0%	22.2%	-6.4%	12.0%	-3.4%	2.6%	10.1%	7.0%	7.0%	7.0%	6.5%	6.5%	6.0%	6.0%	6.0%	6.0%	5.5%
Average selling price (ASP), \$/product		\$ 263.62	\$ 248.02	\$ 256.48	\$ 252.23	\$ 223.92	\$ 203.23	\$ 228.44	\$ 263.99	\$ 278.99	\$ 271.65	\$ 271.13	\$ 272.00	\$ 272.00	\$ 272.00	\$ 272.00	\$ 272.00	\$ 272.00	\$ 272.00	\$ 272.00	\$ 272.00	\$ 272.00

<b>Margin Analysis</b>											<b>Key Assumptions in Light Green</b>											
COGS Margin, %	52.7%	54.9%	54.7%	55.2%	54.1%	57.0%	58.2%	56.9%	52.8%	54.6%	54.8%	52.0%	52.0%	52.0%	52.0%	52.0%	52.0%	52.0%	52.0%	52.0%	52.0%	52.0%
Gross Margin, %	47.3%	45.1%	45.3%	44.8%	45.9%	43.0%	41.8%	43.1%	47.2%	45.4%	45.2%	48.0%	48.0%	48.0%	48.0%	48.0%	48.0%	48.0%	48.0%	48.0%	48.0%	48.0%
R&D Margin, %	10.1%	9.1%	11.9%	12.0%	12.5%	12.5%	13.6%	16.2%	13.4%	14.6%	14.0%	13.7%	15.0%	15.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
S&M Margin, %	28.2%	26.4%	32.3%	28.6%	27.2%	23.8%	19.6%	19.9%	15.9%	16.0%	17.8%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%
G&A Margin, %	7.7%	6.1%	7.7%	7.6%	7.8%	7.5%	8.2%	9.1%	8.9%	9.7%	10.2%	10.6%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
EBIT Margin, %	1.3%	3.5%	-6.6%	-3.4%	-1.6%	-0.8%	0.5%	-2.1%	9.0%	5.1%	3.2%	5.7%	7.9%	7.8%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%
COGS	233.0	425.2	461.4	497.9	536.5	647.7	733.5	754.4	906.8	956.0	958.6	1'000.3	1'073.7	1'148.9	1'229.3	1'309.2	1'394.3	1'478.0	1'566.7	1'660.7	1'752.0	
Gross Profit	209.0	349.3	382.1	403.4	456.1	489.3	527.3	572.0	810.0	796.4	791.5	923.4	991.2	1'060.5	1'134.8	1'208.5	1'287.1	1'364.3	1'446.2	1'532.9	1'617.2	
R&D	44.6	70.6	100.7	107.7	124.4	142.1	171.2	214.7	230.1	256.1	245.1	264.1	289.7	311.4	263.7	302.1	321.8	341.1	361.5	383.2	404.3	
S&M	124.8	204.8	272.4	258.0	270.2	270.9	247.6	263.5	272.1	280.3	311.5	346.2	351.7	377.7	405.5	453.2	482.7	511.6	542.3	574.9	606.5	
G&A	34.0	46.9	64.8	68.5	77.1	85.2	102.9	121.0	152.8	170.4	178.4	203.8	185.7	200.1	215.6	251.8	268.1	284.2	301.3	319.4	336.9	
EBIT	5.6	26.9	(55.7)	(30.9)	(15.6)	(8.9)	5.7	(27.2)	155.0	89.5	56.5	109.2	164.0	171.3	249.9	266.2	283.5	300.5	318.5	337.6	356.2	
Interest income	-	-	-	-	-	-	(4.3)	(2.0)	(0.1)	(1.7)	(3.7)	(2.4)	(3.0)	(3.6)	(4.4)	(4.4)	(4.4)	(4.4)	(4.4)	(4.4)	(4.4)	
Interest expense	0.0	0.1	0.2	2.5	4.3	4.5	2.5	1.5	0.6	0.6	0.2	-	-	-	-	-	-	-	-	-	-	
Other items	(0.6)	3.6	9.6	2.2	(3.4)	1.2	8.6	(6.6)	(2.4)	21.9	25.4	97.0	120.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
EBT	6.2	23.3	(65.5)	(35.6)	(16.5)	(14.5)	(1.1)	(20.1)	156.9	68.7	34.6	14.7	47.1	74.9	154.3	170.5	187.8	204.8	222.9	242.0	260.6	
Tax	(2.3)	1.4	2.6	3.5	(3.7)	0.9	4.0	0.6	6.7	2.9	24.8	2.9	9.4	15.0	30.9	34.1	37.6	41.0	44.6	48.4	52.1	
Deferred tax	-	-	0.6	(0.9)	1.4	0.2	(0.3)	(0.6)	(8.3)	(1.5)	0.2	-	-	-	-	-	-	-	-	-	-	
<b>Net Income</b>	<b>8.5</b>	<b>21.9</b>	<b>(68.8)</b>	<b>(38.2)</b>	<b>(14.2)</b>	<b>(15.6)</b>	<b>(4.8)</b>	<b>(20.1)</b>	<b>158.6</b>	<b>67.4</b>	<b>9.7</b>	<b>11.8</b>	<b>37.7</b>	<b>59.9</b>	<b>123.4</b>	<b>136.4</b>	<b>150.3</b>	<b>163.9</b>	<b>178.3</b>	<b>193.6</b>	<b>208.4</b>	

<b>Cashflow Analysis</b>											<b>Key Assumptions in Light Green</b>										
Depreciation			27.9	34.3	35	39.4	36.4	36.4	33.9	38.5	38.9	36	35.5	34.7	34.2	35	35	35	35	35	35
Other			12.4	4	-1.5	2.8	6.4	15.2	-3.8	21.3	-10.7	0	0	0	0	0	0	0	0	0	0
<b>Operating Cash Flow (inc. SBC Expenses)</b>			<b>(28.5)</b>	<b>0.1</b>	<b>19.3</b>	<b>26.6</b>	<b>38.0</b>	<b>31.5</b>	<b>188.7</b>	<b>127.2</b>	<b>37.9</b>	<b>47.8</b>	<b>73.2</b>	<b>94.6</b>	<b>157.6</b>	<b>171.4</b>	<b>185.3</b>	<b>198.9</b>	<b>213.3</b>	<b>228.6</b>	<b>243.4</b>
<i>Change in Working Capital:</i>			<u>44</u>	<u>17.3</u>	<u>8</u>	<u>-34.5</u>	<u>35.9</u>	<u>73</u>	<u>2.5</u>	<u>-230</u>	<u>46.7</u>	<u>-6.8</u>	<u>-2.7</u>	<u>-3.1</u>	<u>-4.4</u>	<u>-5</u>	<u>-5</u>	<u>-5</u>	<u>-5</u>	<u>-5</u>	<u>-5</u>
Accounts receivable			-7.2	-4.6	-2.7	-26.5	-32.1	49.6	-45.7	-5.5	1.3	-10	-8.2	-8.3	-8.9	-10	-10	-10	-10	-10	-10
Inventories, net			-16	5.9	-60.3	-80.1	-31.8	38	-7.9	-277.5	-4.5	-45	-36.6	-37.5	-40.1	-40	-40	-40	-40	-40	-40
Accounts payable and accrued expenses			46.8	-5.7	54.9	66.5	85.9	-24.4	26.2	129.7	33.4	33.2	27.1	27.7	29.6	30	30	30	30	30	30
Other			20.4	21.7	16.1	5.6	13.9	9.8	29.9	-76.7	16.5	15	15	15	15	15	15	15	15	15	15
CAPEX			-65.7	-52.5	-33.6	-35.7	-23.2	-33	-45.5	-46.2	-38.7	-32	-32	-32	-32	-32	-32	-32	-32	-32	-32
<b>FCF (inc. SBC)</b>			<b>(50.2)</b>	<b>(35.1)</b>	<b>(6.3)</b>	<b>(43.6)</b>	<b>50.7</b>	<b>71.5</b>	<b>145.7</b>	<b>(149.0)</b>	<b>45.9</b>	<b>9.0</b>	<b>38.5</b>	<b>59.5</b>	<b>121.2</b>	<b>134.4</b>	<b>148.3</b>	<b>161.9</b>	<b>176.3</b>	<b>191.6</b>	<b>206.4</b>
Margin			-5.95%	-3.90%	-0.64%	-3.83%	4.02%	5.39%	8.49%	-8.50%	2.62%	0.47%	1.86%	2.69%	5.13%	5.34%	5.53%	5.70%	5.85%	6.00%	6.13%

<b>Valuation</b>											<b>Key Assumptions in Light Green</b>											
Shares Outstanding						65.7	103.8	109.8	140.3	137.8	132.4	131.6	131.6	131.6	131.6	131.6	131.6	131.6	131.6	131.6	131.6	
<b>FCF/Share</b>						<b>(0.7)</b>	<b>0.5</b>	<b>0.7</b>	<b>1.0</b>	<b>(1.1)</b>	<b>0.3</b>	<b>0.1</b>	<b>0.3</b>	<b>0.5</b>	<b>0.9</b>	<b>1.0</b>	<b>1.1</b>	<b>1.2</b>	<b>1.3</b>	<b>1.5</b>	<b>1.6</b>	
Assumed P/FCF Multiple																	20	19	18	17	16	15
<b>Approximate Value</b>																	<b>\$20.4</b>	<b>\$21.4</b>	<b>\$22.1</b>	<b>\$22.8</b>	<b>\$23.3</b>	<b>\$23.5</b>