William Sonoma DCF

X	Ticker	WSM		Target Share Price	$227	Upside	90.67%
	Date	3/5/2023		Current Share Price	$ 119.08		

X	Assumptions				
	Switches		**Conservative Case**		**Base Case**
	Revenue Growth	1	Revenue 2023	-3%	
	EBIT Margin	1	Revenue 2031	3%	Revenue 2(
	Taxes	1	EBIT 2023	14%	
	D&A	1	Taxes	25.0%	
	CapEx	1	D&A	2.3%	
	WACC	1	CapEx 2031	3.6%	CapEx 203:
	TGR	1	WACC	11.5%	WACC
	EBITDA EXIT	2	TGR	0.5%	TGR
	EBITDA Growth	1	**EBITDA Exit**	300.0%	**EBITDA Exi**
	Valuation Assumptions				
	WACC	11.5%			
	TGR	0.5%			
	EBITDA EXIT	5x			

X	Income Statement	2015	2016	2017	2018	2019
	Revenue	4,976	5,083	5,292	5,671	5,898
	% Growth		2%	4%	7%	4%
	EBIT	488	472	453	435	465
	% of revenue	10%	9%	9%	8%	8%
	Taxes	177	166	192	95	100
	% of ebit	36%	35%	42%	22%	22%

X	Cash Flow Items	2015	2016	2017	2018	2019
	D & A	167	173	183	188	187
	% of revenue	3%	3%	3%	3%	3%
	% of CapEx	83%	88%	68%	101%	101%
	Capital Expenditures	202	196	269	187	185
	% of Revenue	4%	4%	5%	3%	3%
	Change in NWC	(176)	66	223	(9)	(473)
	% of revenue	-4%	1%	4%	0%	-8%
	% of change in revenue	-4%	62%	107%	-2%	-208%

X	Cash Flow Items	2015	2016	2017	2018	2019
	Revenue	4,976	5,083	5,292	5,671	5,898
	% Growth		2.2%	4.1%	7.2%	4.0%
	Conservative Case					
	Base Case					
	Optimistic case					
	EBIT	488	472	453	435	465
	% of Sales	9.8%	9.3%	8.6%	7.7%	7.9%
	Conservative Case					
	Base Case					
	Optimistic case					
	Taxes	177	166	192	95	100
	% of EBIT	36.3%	35.2%	42.4%	21.8%	21.5%
	Conservative Case					
	Base Case					
	Optimistic case					
	EBIAT					
	D & A	167	173	183	188	187
	% of Sales	3.4%	3.4%	3.5%	3.3%	3.2%
	Conservative Case					
	Base Case					
	Optimistic case					
	CapEx	202	196	269	187	185
	% of Sales	4.1%	3.9%	5.1%	3.3%	3.1%
	Conservative Case					
	Base Case					
	Optimistic case					
	Change in NWC	(176)	66	223	(9)	(473)
	% of Sales	-3.5%	1.3%	4.2%	-0.2%	-8.0%
	Unlevered Free Cash Flow					
	Present Value of Free Cash Flow					
	Terminal Value					
	Present Value of Terminal Value					
	Enterprise Value					
	(+) Cash					
	(-) Debt					
	Equity Value					
	Shares					
	Share Price					

EBITDA

EBITDA
Present Value of EBIDTA
EBITDA Growth Rate
Terminal Value
Present Value of Terminal Value
Enterprise Value
(+) Cash
(-) Debt
Equity Value
Shares
Share Price

WILLIAMS-SONOMA, INC. (XNYS:WSM)

Sensitivity Analysis

		Terminal Growth Rate			
	$256	0.00%	0.25%	0.50%	0.75%
	10.5%	$280	$284	$288	$293
WACC	11.0%	$264	$268	$272	$276
	11.5%	$250	$253	$256	$260
	12.0%	$237	$240	$243	$246
	12.5%	$225	$227	$230	$233

		Optomistic Case	
		Revenue 2023	3%
031	5%	Revenue 2031	7%
		EBIT 2023	16%
		Taxes	22.0%
		D&A	3.3%
1	3%	CapEx 2031	2.9%
	11.0%	WACC	10.5%
	1.5%	TGR	2.5%
it	500.0%	**EBITDA Exit**	700.0%

2020	2021	2022	2023	2024	2025	2026	2027
6,783	8,245	8,674	8,674	8,900	9,400	10,100	10,870
15%	22%	5%	0%	3%	6%	7%	8%
910	1,453	1,498	1,250	1,400	1,525	1,650	1,750
13%	18%	17%	14%	16%	16%	16%	16%
213	324	372	260	340	360	375	400
23%	22%	25%	21%	24%	24%	23%	23%

2020	2021	2022	2023	2024	2025	2026	2027
188	196	214	230	234	260	280	340
3%	2%	2%	3%	3%	3%	3%	3%
112%	74%	61%	62%	59%	58%	61%	68%
168	266	353	370	400	450	460	500
2%	3%	4%	4%	4%	5%	5%	5%
473	(68)	(155)					
7%	-1%	-2%					
53%	-5%	-36%					

			1	2	3	4	5	6
2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
6,783	8,245	8,674	8,414	8,498	8,668	8,928	9,374	9,843
15.0%	21.6%	5.2%	-3.0%	1.0%	2.0%	3.0%	5.0%	5.0%
			-3.0%	1.0%	2.0%	3.0%	5.0%	5.0%
			0.0%	3.0%	5.0%	7.0%	7.0%	6.0%
			3.0%	5.0%	7.0%	8.0%	9.0%	8.0%
910	1,453	1,498	1,161	1,337	1,545	1,787	2,066	2,388
13.4%	17.6%	17.3%	13.8%	15.1%	15.6%	15.6%	15.6%	15.6%
			13.8%	15.1%	15.6%	15.6%	15.6%	15.6%
			14.4%	15.7%	16.2%	16.2%	16.2%	16.2%
			15.5%	16.5%	17.0%	17.0%	17.0%	17.0%
213	324	372	279	327	386	447	516	597
23.4%	22.3%	24.8%	24.0%	24.5%	25.0%	25.0%	25.0%	25.0%
			24.0%	24.5%	25.0%	25.0%	25.0%	25.0%
			23.5%	23.5%	23.5%	23.5%	23.5%	23.5%
			22.0%	22.0%	22.0%	22.0%	22.0%	22.0%
			882	**1,009**	**1,159**	**1,340**	**1,549**	**1,791**
188	196	214	195	197	201	207	218	228
2.8%	2.4%	2.5%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
			2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
			2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
			3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
168	266	353	307	315	330	349	362	377
2.5%	3.2%	4.1%	3.6%	3.7%	3.8%	3.9%	3.9%	3.8%
			3.6%	3.7%	3.8%	3.9%	3.9%	3.8%
			3.2%	3.3%	3.4%	3.5%	3.5%	3.4%
			2.9%	3.0%	3.1%	3.2%	3.2%	3.1%
473	(68)	(155)	(19)	16	4	(43)	(48)	41
7.0%	-0.8%	-1.8%	-0.2%	0.2%	0.0%	-0.5%	-0.5%	0.4%
			790	**876**	**1,026**	**1,241**	**1,453**	**1,601**
			709	704	740	803	843	833

1,356	1,534	1,746	1,994	2,283	2,616
1,216	1,234	1,260	1,290	1,325	1,362
	1%	2%	2%	3%	3%

1.00%
$298
$280
$264
$249
$236

		EBITDA Growth Rate			
	1,485	1,317	1,425	1,485	1,665
	3x	3,952	4,276	4,454	4,994
EXIT Multi	4x	5,269	5,701	5,939	6,659
	5x	6,586	7,126	7,423	8,324
	6x	7,903	8,552	8,908	9,989
	7x	9,221	9,977	10,393	11,653

7	8	9
2029	**2030**	**2031**
10,335	10,852	11,395
5.0%	5.0%	5.0%
5.0%	5.0%	5.0%
6.0%	5.0%	5.0%
7.0%	7.0%	7.0%
2,761	3,192	3,690
15.6%	15.6%	15.6%
15.6%	15.6%	15.6%
16.2%	16.2%	16.0%
17.0%	17.0%	17.0%
690	798	923
25.0%	25.0%	25.0%
25.0%	25.0%	25.0%
23.5%	23.5%	23.5%
22.0%	22.0%	22.0%
2,071	**2,394**	**2,768**
240	252	264
2.3%	2.3%	2.3%
2.3%	2.3%	2.3%
2.8%	2.8%	2.8%
3.3%	3.3%	3.3%
391	407	410
3.8%	3.7%	3.6%
3.8%	3.7%	3.6%
3.4%	3.3%	3.3%
3.1%	3.0%	2.9%
(41)	(37)	(19)
-0.4%	-0.3%	-0.2%
1,960	**2,277**	**2,641**
915	953	991
		24,126
		9,058
		16,550
		367
		0
		16,917
		66
		256.3142

3,001	3,444	3,955
1,401	1,442	1,485
3%	3%	3%
		7,423
		2,787
		14,800
		367
		0
		15,167
		66.8
		227.0526

1,797
5,392
7,189
8,986
10,783
12,581