

QUESTION

Year	Q1	Q2	Q3	Q4
2017	100	100	100	100
2018	100	100	100	100
2019	100	100	100	100
2020	100	100	100	100
2021	100	100	100	100

1. The company's revenue is expected to grow by 5% per year for the next five years. The company's operating margin is expected to remain constant at 20%.

2. The company's capital expenditures are expected to be 10% of the book value of the equity at the end of each year. The company's debt-to-equity ratio is expected to remain constant at 0.5.

ANSWER

1. The company's revenue is expected to grow by 5% per year for the next five years. The company's operating margin is expected to remain constant at 20%.

2. The company's capital expenditures are expected to be 10% of the book value of the equity at the end of each year. The company's debt-to-equity ratio is expected to remain constant at 0.5.

3. The company's free cash flow is expected to be 15% of the book value of the equity at the end of each year.

4. The company's operating assets are expected to be 100% of the book value of the equity at the end of each year.

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