

# JOY

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Share price (& range)

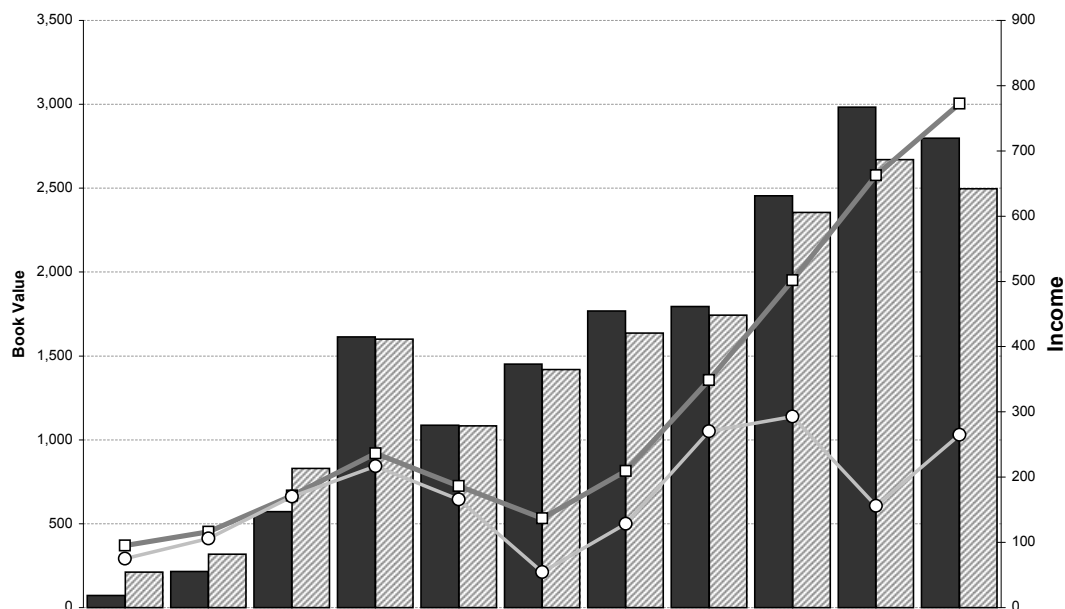
**\$52.03**

69.00 - 47.83

Company Name

**Joy Global, Inc.**

Joy Global Inc. is a manufacturer and servicer of high productivity mining equipment for the extraction of coal and other minerals and ores. The Company's equipment is used in mining regions throughout the world to mine coal, copper, iron ore, oil sands, and other minerals. The Company's underground mining machinery segment (Joy Mining Machinery) is a manufacturer of underground mining equipment for the extraction of coal and other bedded minerals and offers service locations near mining regions worldwide. The Company's surface mining equipment segment (P&H Mining Equipment) is a producer of surface mining equipment for the extraction of ores and minerals and provides operational support for many types of equipment used in surface mining. During the fiscal year ended October 28, 2011, the Company completed the acquisition of LeTourneau. On December 30, 2011, it acquired approximately 41.1% of Int'l Mining Machinery Holdings Limited's common stock to 69.2%.



|                                     |          |
|-------------------------------------|----------|
| <b>Market Cap</b>                   | \$5,529m |
| <b>EV/EBIT TTM</b>                  | 8.1      |
| <b>P/E (cash adjusted)</b>          | 7.7      |
| <b>P/FCF TTM (cash adjusted)</b>    | 12.1     |
| <b>P/TBV</b>                        | 5.4      |
| <b>FCF/Net profit (10yr)</b>        | 81%      |
| <b>FCF - acq / Net profit (5yr)</b> | 1%       |
| <b>Cap ex/depr (5yr)</b>            | 139%     |
| <b>Net Debt (cash)</b>              | \$843m   |
| <b>Interest Cover</b>               | 10       |
| <b>Dividend Yield</b>               | 1.3%     |

|  |          |
|--|----------|
| <b>DCF Valuation</b>                         |          |
| Intrinsic Value using 5 yr revenue growth    | \$246m   |
| Intrinsic Value using 5 yr net profit growth | \$373m   |
| Current Enterprise Value                     | \$6,372m |
| Min. Margin of safety                        | (2485%)  |

|  |       |
|--|-------|
| <b>Capital allocation in last 5 years (% of total FCF)</b> |       |
| Acquisitions   | 98%   |
| Dividends  | 18%   |
| Share buybacks   | 16%   |
| Decrease/(increase) in net debt                            | (35%) |

(may not sum to 100 due to liquidation/purchase of other assets)

|                                 |      |
|---------------------------------|------|
| <b>Top Shareholders</b>         |      |
| The Vanguard Group, Inc.        | 6.3% |
| SSgA Funds Management, Inc.     | 5.2% |
| MFS Investment Management, Inc. | 4.4% |

|                                     | 2003/10   | 2004/10   | 2005/10    | 2006/10    | 2007/10    | 2008/10    | 2009/10    | 2010/10    | 2011/10    | 2012/10    | TTM        | CAGR    |           |
|-------------------------------------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|---------|-----------|
|                                     |           |           |            |            |            |            |            |            |            |            |            | 5yr avg | 10 yr avg |
| <b>Income</b>                       |           |           |            |            |            |            |            |            |            |            |            |         |           |
| Revenue                             | 1,216     | 1,432     | 1,928      | 2,402      | 2,547      | 3,419      | 3,598      | 3,524      | 4,404      | 5,661      | 5,426      | 13%     | 17%       |
| Gross Profit                        | 293       | 382       | 562        | 755        | 827        | 990        | 1,153      | 1,174      | 1,506      | 1,877      | 1,796      | 17%     | 20%       |
| Gross Margin                        | 24.1%     | 26.7%     | 29.2%      | 31.4%      | 32.5%      | 29.0%      | 32.0%      | 33.3%      | 34.2%      | 33.2%      | 33.1%      | 32.3%   | 30.5%     |
| EBITDA                              | 108       | 154       | 307        | 475        | 517        | 620        | 757        | 753        | 983        | 1,293      | 1,221      | 20%     | 28%       |
| EBITDA Margin                       | 8.9%      | 10.8%     | 15.9%      | 19.8%      | 20.3%      | 18.1%      | 21.0%      | 21.4%      | 22.3%      | 22.8%      | 22.5%      | 21.1%   | 18.1%     |
| Interest                            | (27)      | (24)      | (15)       | (6)        | (32)       | (34)       | (32)       | (30)       | (38)       | (73)       | (69)       |         |           |
| PBT                                 | 28        | 95        | 228        | 450        | 449        | 527        | 683        | 679        | 896        | 1,105      | 1,039      | 20%     | 44%       |
| <b>Net profit (continuing)</b>      | <b>19</b> | <b>55</b> | <b>147</b> | <b>415</b> | <b>280</b> | <b>373</b> | <b>455</b> | <b>462</b> | <b>631</b> | <b>767</b> | <b>720</b> | 20%     | 45%       |
| Special income (charges)            | (5)       | 6         | (60)       | 7          | 1          | (2)        | 0          | 0          | 0          | 0          | 0          |         |           |
| EPS (continuing)                    | 0.16      | 0.47      | 1.21       | 3.41       | 2.54       | 3.47       | 4.44       | 4.47       | 6.01       | 7.25       | 6.73       | 20%     | 46%       |
| <b>Owners Income exc. Special</b>   | <b>55</b> | <b>82</b> | <b>213</b> | <b>412</b> | <b>279</b> | <b>365</b> | <b>421</b> | <b>448</b> | <b>606</b> | <b>687</b> | <b>642</b> | 17%     | 29%       |
| <b>Balance Sheet</b>                |           |           |            |            |            |            |            |            |            |            |            |         |           |
| Book Value                          | 370       | 452       | 668        | 920        | 724        | 533        | 814        | 1,355      | 1,952      | 2,577      | 3,003      | 48%     | 21%       |
| Tangible book                       | 293       | 412       | 661        | 843        | 644        | 213        | 499        | 1,051      | 1,138      | 606        | 1,031      | 30%     | 8%        |
| TBV per share                       | 2.57      | 3.42      | 5.35       | 6.84       | 5.77       | 1.96       | 4.84       | 10.02      | 10.68      | 5.67       | 9.64       | 30%     | 8%        |
| ROI                                 | 4.4%      | 13.1%     | 28.0%      | 50.7%      | 29.5%      | 42.8%      | 52.5%      | 49.3%      | 29.3%      | 21.2%      | 18.7%      | 39%     | 32%       |
| Net debt (cash)                     | 54        | (29)      | (142)      | (101)      | 223        | 339        | 52         | (419)      | 202        | 1,043      | 843        |         |           |
| <b>Cash Flow</b>                    |           |           |            |            |            |            |            |            |            |            |            |         |           |
| Depreciation & amortisation         | (56)      | (49)      | (43)       | (42)       | (49)       | (71)       | (59)       | (60)       | (79)       | (153)      | (113)      | 21%     | 11%       |
| Cap Ex                              | (25)      | (16)      | (37)       | (38)       | (49)       | (82)       | (92)       | (73)       | (104)      | (234)      | (190)      | 30%     | 25%       |
| Net cash from continuing operations | 106       | 62        | 201        | 330        | 382        | 578        | 452        | 584        | 500        | 464        | 647        |         |           |
| Disposals (acquisitions)            | 0         | 0         | 0          | (117)      | (13)       | (256)      | (11)       | 0          | (674)      | (1,012)    |            |         |           |
| Dividends                           | 0         | (14)      | (34)       | (54)       | (66)       | (67)       | (72)       | (72)       | (73)       | (74)       | (74)       |         |           |
| Share buybacks                      | 0         | 0         | 0          | (296)      | (500)      | (308)      | (14)       | 0          | 0          | 0          | 10         |         |           |
| <b>Other Information</b>            |           |           |            |            |            |            |            |            |            |            |            |         |           |
| Shares outstanding (diluted)        | 114       | 121       | 124        | 123        | 112        | 108        | 103        | 105        | 107        | 107        | 107        | -0.9%   | -0.6%     |
| Receivable days                     | 7         | 6         | 6          | 6          | 5          | 6          | 6          | 6          | 6          | 5          | 5          |         |           |
| Inventory days                      | 2         | 2         | 3          | 3          | 2          | 3          | 3          | 3          | 3          | 3          | 2          |         |           |