

SANTA CLAUS VALUATION

FINANCE TOYS

Don't forget that this is not serious valuation, although the methods used are real and can be used in other financial models

Asset base

	Quantity	Cost	Total cost	Average useful life	Comment
Sleigh	1	\$5 000 000	\$5 000 000	25	It is the cost of pimped Santa's sleigh. They are really cool
Flying deers	6	\$30 001 035	\$180 006 210	15	The average price per kilo of venison in New Zealand is about \$4.5 per kilo. The average weight of a deer is about 230 kg. At the same time the deer must fly really fast, otherwise Santa will not distribute all the presents on time. So we assume that Santa's deers has special flying option. The cost of option equals the value of one F-16 jet fighter aircraft, i.e. \$30mn (based on the latest contract with Turkey for 30 planes)
Fance Santa's costume	1	\$10 000	\$10 000	5	Perhaps from Dolce&Gabbana

Assumptions

Revenue generation

Playing a toy = Joy = 1 table of vicodin (drug)	
1 toy is played 20 times	
Cost of 1 table of vicodin	\$11
Playing a toy 20 times = 20 tables of vicodin	\$220

Kids parameters

Average cost of 1 present	\$200
World population (as of 1 July, 2008), mn	6 707
Population 2005-2008 CAGR	1.10%
Share of kids from 0 to 14 (2009 data)	26.7%
Share of kids who behaved good	50.0%

Earth parameters

Equatorial circumference, km	40 075
Land area, km ²	148 940 000
Average global population density, per km ²	44.7

F-16 parameters

Fuel fraction (weight of fuel/weight of plane)	0.31
Plane weight, kg	12 000
Fuel weight, kg	3 720
1 liter of jet fuel = 0.81kg	
Fuel volume, lt	4 593
Jet fuel cost, \$/lt	0.54
Full tanks fuel cost, \$	2 466
Fuel burn rate, lt/min	200
Fuel burn rate, lt/h	12 000
Fuel burn rate, kg/min	247
Fuel burn rate, kg/h	14 815
Average speed, km/h	1470
Average fuel consumption lt per km	8.2



DESCRIPTION

NAME	SANTA CLAUS
Bloomberg ticker	SANC NP
Incorporated	North Pole
Industry	Gifts making
Fair value	\$162bn

Assumprions	2010E	2011E	2012E	2013E	2014E	2015E
World population	6 818	6 894	6 970	7 047	7 125	7 203
Number of kids (number of presents) who behaved good, mn	910	920	930	940	950	961
Distance to fly during the New Year , km	20 348 053	20 348 053	20 348 053	20 348 053	20 348 053	20 348 053
Jet fuel consumption, lt	166 106 553	166 106 553	166 106 553	166 106 553	166 106 553	166 106 553
Vicodin price	11	12	12	13	13	14
Jet fuel price, \$/lt	0.59	0.65	0.71	0.79	0.86	0.95
Average cost of toy, \$	200	210	221	232	243	255

FINANCIALS

P&L, \$mn	2010E	2011E	2012E	2013E	2014E	2015E
Revenue	200 103	212 429	225 514	239 406	254 153	269 809
Costs						
Fuel costs (deer food)	-98	-108	-119	-131	-144	-158
Toys cost	-181 912	-193 117	-205 013	-217 642	-231 048	-245 281
DD&A	-13	-13	-14	-15	-16	-16
Operating income	18 080	19 190	20 368	21 619	22 946	24 354
Other gains/loss	-1 000	-1 050	-1 103	-1 158	-1 216	-1 276
Profit before tax	17 080	18 140	19 266	20 461	21 730	23 077
Tax	Santa does not pay taxes					
Net income	17 080	18 140	19 266	20 461	21 730	23 077

Just an assumption that Santa has some other additional expenses

Balance sheet, \$mn	2010E	2011E	2012E	2013E	2014E	2015E
Assets						
PP&E	172	182	193	204	215	227
Cash	18 071	37 251	57 609	79 217	102 151	126 492
Total assets	18 243	37 433	57 802	79 420	102 366	126 719
Liabilities						
Accounts payable	20	21	23	24	25	27
Total liabilities	20	21	23	24	25	27
Equity	18 223	37 412	57 779	79 396	102 340	126 692

Cash flow statement	2010E	2011E	2012E	2013E	2014E	2015E
CFO						
EBIT	18 080	19 190	20 368	21 619	22 946	24 354
DD&A	13	13	14	15	16	16
Cash flows from operations	18 093	19 204	20 383	21 634	22 961	24 370
CFI						
Maintenance capex	-13	-13	-14	-15	-16	-16
Deers and sleigh pimping capex	-10	-10	-10	-11	-12	-12
Cash flows from investing	-22	-23	-25	-26	-27	-29
CFF						

Santa does not need your money

Cash flows for the year	18 071	19 180	20 358	21 608	22 934	24 341
Cash at the beginning of the year	0	18 071	37 251	57 609	79 217	102 151
Cash at the end of the year	18 071	37 251	57 609	79 217	102 151	126 492

VALUATION

\$mn	2010E	2011E	2012E	2013E	2014E	2015E
EBIT	18 080	19 190	20 368	21 619	22 946	24 354
DD&A	13	13	14	15	16	16
Unleveraged cash flows	18 093	19 204	20 383	21 634	22 961	24 370
Net investing	-22	-23	-25	-26	-27	-29
Movements in working capital	20	-1	-1	-1	-1	-2
Unleveraged free cash flows	18 091	19 179	20 357	21 606	22 932	24 340
Terminal value						197 576
WACC calculation						
Santa doesn't use leverage						
We assume that he has the same cost of equity as ExxonMobil (the largest company in the world) but with 5% liquidity premium						
WACC	13.56%					
Long-term nominal growth rate	1.1%					

197 576

NPV unleveraged free cash flows, \$mn 185 806

Santa Claus's fair value is estimated at \$185.8bn at the beginning of 2010. For comparison, ExxonMobil's market capitalization at the end of 2009 was \$326bn

Santa is priceless

It is impossible to invest in Santa because he is not public corporation, he is a person



DD&A calculation

	Cost	Useful life					
Sleigh	\$5 000 000	25					
Flying deers	\$180 006 210	15					
Fance Santa's costume	\$10 000	5					
Average weighted life		15					
	2010E	2011E	2012E	2013E	2014E	2015E	
DD&A (old assets), \$mn	12 202 414	12 202 414	12 202 414	12 202 414	12 202 414	12 202 414	
DD&A (new assets)	622 233	1 275 577	1 961 589	2 681 901	3 438 228	4 232 373	
	2010	622 233	622 233	622 233	622 233	622 233	
	2011		653 344	653 344	653 344	653 344	
	2012			686 012	686 012	686 012	
	2013				720 312	720 312	
	2014					756 328	
	2015						
						794 144	
Maintenance CAPEX	12 824 647	13 477 991	14 164 003	14 884 315	15 640 642	16 434 787	
New CAPEX (for deers and sleigh modification)	9 501 311	9 976 376	10 475 195	10 998 955	11 548 902	12 126 347	
Total CAPEX, \$mn	22 325 957	23 454 367	24 639 197	25 883 269	27 189 545	28 561 134	
Total DD&A, \$mn	12 824 647	13 477 991	14 164 003	14 884 315	15 640 642	16 434 787	
PP&E (cost)	185 016 210	208 470 577	233 109 774	258 993 044	286 182 589	314 743 723	
Accumulated DD&A	12 824 647	26 302 638	40 466 640	55 350 955	70 991 598	87 426 384	
PP&E	172 191 563	182 167 939	192 643 134	203 642 089	215 190 991	227 317 338	