

Air T Inc (AIRT)

Price:	\$27.12
Shares Outstanding:	2,360,000
Market Cap:	\$64,003,200
Cash:	\$5,060,000
Debt:	\$0
Net Cash:	\$5,060,000
Enterprise Value:	\$58,943,200

Net Tang. Bk Value Incl. Cash, Excl.	\$27,590,000
Goodwill (NTBVIC):	
NTBVIC/Market Downside Recovery:	43.11%
Op. Cash Flow:	\$2,748,945
Implied Years to Fill Gap:	13.25
Today's Equity if 5x Op. CF:	\$35,836,835
Net Tang. Book+ Gain Disposition:	
IRR:	

Net Tang. Book Yr. 5 (Inc. Cash):	\$37,584,725.00
Avg. Year Op. Cash:	\$2,748,945.00
Year 5 Disposition FCF Multiple:	3.0
Year 5 Disposition Price:	\$45,831,560.00
Net Tang. Book+ Gain Disposition:	
IRR:	

Price:	\$19.42
Target Market Cap:	\$45,831,560
Target Enterprise Value:	\$40,771,560

* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

Biglari Capital buying up shares of the stock.

I think it is overpriced now that the stock has seen a sharp runup. My 5 year target was \$19.42, but now at \$27. Too pricey.

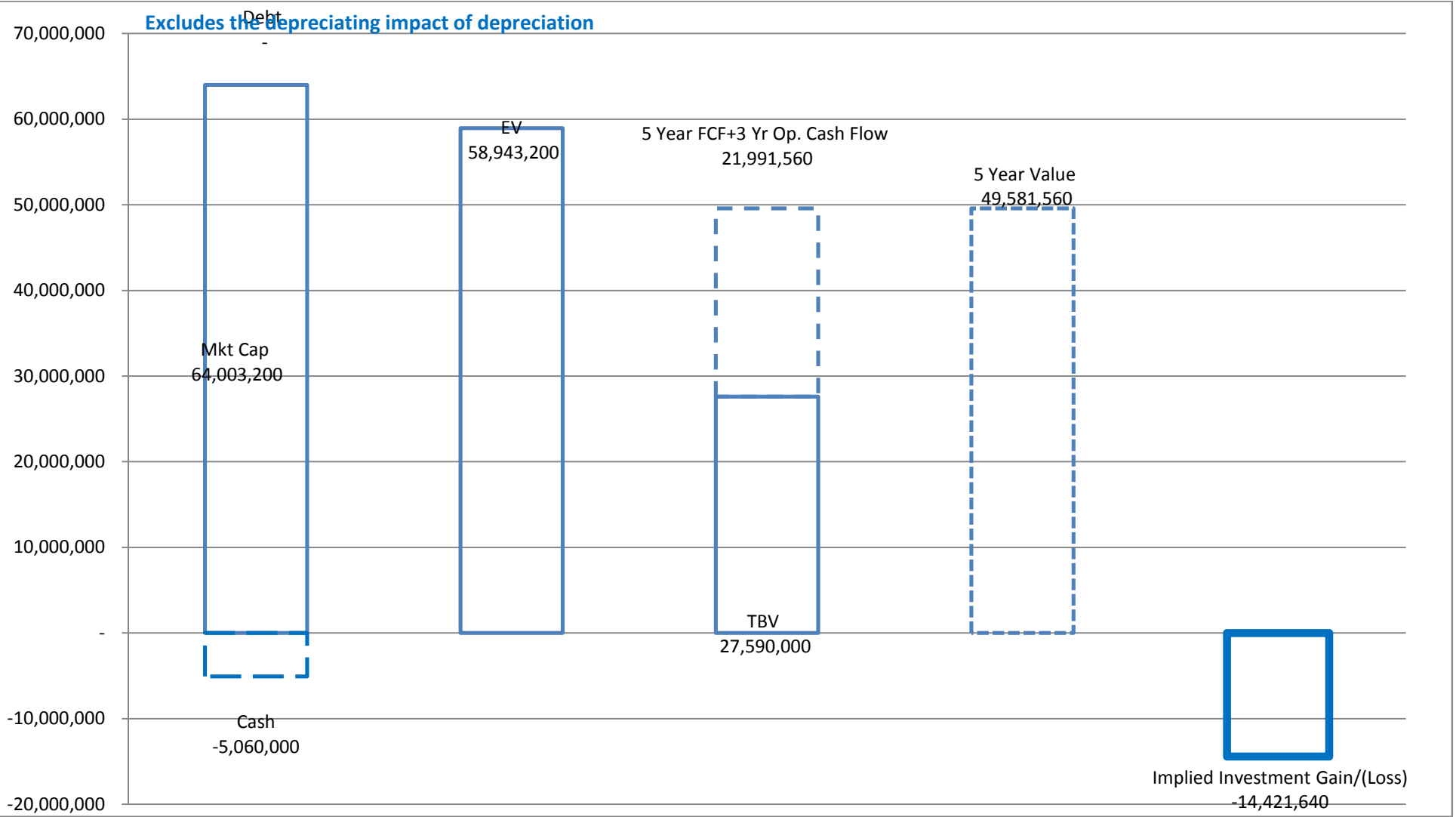
However, it still is discounted, relative to the market. The market is too expensive, both from a historical perspective and individual valuation wise.

We are neutral at this point on the company, but great to see a star fund manager making a big purchase, outside of his comfort zone of restaurants.



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Excludes the depreciating impact of depreciation



Error

Company Name:	Air T Inc
Ticker Symbol:	AIRT
Last Price:	\$27.12
Net Cash/Share:	\$2.14
Net Cash to Last Price:	7.91%
Shares Outstanding:	2,360,000
Industry:	Integrated Shipping & Logistics
Sector:	Industrials
Institutional Ownership:	#VALUE!
Mutual Fund Ownership:	#VALUE!
Insider Ownership:	#VALUE!
Float:	#VALUE!

Technicals	
52 week low:	Error
Today from 52 week low:	#VALUE!
52 week high:	Error
Today from 52 week high:	#VALUE!

Analyst/Consensus	
Analyst Sales Growth FY1:	N/A
Analyst Sales Growth FY2:	N/A
SN Valuation Estimate FY1:	0.00%
SN Valuation Estimate FY2:	0.00%

Analyst Earnings Estimate FY1:	N/A
Analyst Earnings Estimate FY2:	N/A
SN Valuation Earnings Est. FY1:	\$0.85
SN Valuation Earnings Est. FY2:	\$0.85

Multiples	
Market Value to Book:	2.32
EV to Book:	2.14
Market Value to Tangible Net Assets:	3.91
P/E Ratio:	23.19
Trailing P/E Ratio:	23.36
Forward P/E Ratio:	N/A
Beta:	Error
Dividend:	0.30
Dividend Yield:	1.11%
Dividend Date:	Jun 28, 2013
Ex-Dividend Date:	Jun 5, 2013

Competitors	
Average EV to EBITDA:	N/A
Company EV to EBITDA:	14.27
Average EV to EBIT:	N/A
Company EV to EBITA:	22.41

Market Capitalization:	\$64,003,200.00
Total Debt:	\$0.00
Total Cash:	\$5,060,000.00
Net Cash/(Debt):	\$5,060,000.00
Enterprise Value:	\$58,943,200.00
Current EV/Share:	\$24.98
EBITDA:	\$4,130,000.00
EV/EBITDA Multiple:	14.27
EV/EBITDA Multiple Average Year 1-5:	15.62
EV/FCF Multiple (excluding acquisition):	-32.21
	21.44

Upper Range	
DCF: EV/EBITDA Terminal Value	
Implied TV from 3 X EV/EBITDA Multiple	\$9,069,300.00
Enterprise Value	\$9,069,300.00
Cash at Year 5:	\$18,804,725.00
Debt at Year 5:	\$0.00
Equity Value Year 5:	\$27,874,025.00
Equity/Share at Year 5:	\$11.81
Annualized Return:	-15.32%

Lower Range	
DCF: Net Tangible Asset excluding Cash/Debt Terminal Value	
Year 5 Net Tangible Assets excluding cash and debt	\$16,390,000.00
Enterprise Value	\$16,390,000.00
Cash at Year 5:	\$18,804,725.00
Debt at Year 5:	\$0.00
Equity Value Year 5:	\$35,194,725.00
Equity/Share at Year 5:	\$14.91
Annualized Return:	-11.27%

EVA	
EVA today:	\$26,422,994.74
EVA in 5 Years:	\$22,643,293.18
EVA/Share:	\$9.59
Cash at Year 5:	\$18,804,725.00
Debt at Year 5:	\$0.00
Equity Value Year 5:	\$41,448,018.18
Equity/Share at Year 5:	\$17.56
Annualized return	-3.04%

Current Net Tangible Asset	
Net Tangible Asset/Share:	\$8.53
Net Tangible Asset/Share in Year 5:	\$12.77
Annualized return	8.39%

Current Equity Price:	\$27.12
Selling at Discount?	Premium
Appreciation Potential:	-68.53%

Income Statement		
Revenue:	\$111,710,000.00	100.0%
Cost of Goods Sold:	\$95,510,000.00	85.5%
Gross Profit:	\$16,200,000.00	14.5%
EBITDA:	\$5,490,000.00	4.9%
Net Income:	\$2,760,000.00	2.5%

Balance Sheet		
Cash:	\$210,000.00	
Short Term Investment:	\$4,850,000.00	
A/R:	\$10,000,000.00	
PP&E:	\$3,000,000.00	
Assets:	\$30,430,000.00	

A/P:	\$7,000,000.00	
Deferred Tax:	\$840,000.00	
Other Liabilities:	\$2,450,000.00	
Short term Debt:	\$0.00	
Long Term Debt:	\$0.00	
Liabilities:	\$10,290,000.00	
Retained Earnings:	\$22,000,000.00	
Paid-In Capital:	\$5,590,000.00	
Treasury Stock:	\$0.00	
Stockholder's Equity:	\$27,590,000.00	

Cash Flow		
Net Income:	1,470,000.00	
Depreciation/Amortization:	750,000.00	
Change in Working capital:	-3,920,000.00	
Cash from Operating Activities:	-550,000.00	
Capital Expenditures:	-1,280,000.00	
Cash from Investing Activities:	-2,700,000.00	
Total Cash Dividends Paid:	-730,000.00	
Issuance (Retirement) of Stock:	-1,450,000.00	
Issuance (Retirement) of Debt:	0.00	
Cash from Financing Activities:	-2,180,000.00	

Profitability Margins		
Debt to Equity:	0.00%	
Return on Assets:	4.83%	
Return on Capital:	5.33%	
Return on Equity:	5.33%	

SN VALUATION

LBO Pro Forma Income Statement

Name:

Air T Inc

Ticker:

AIRT

	Historical				Forecasted				
	12 months ending 2011-03-31	12 months ending 2012-03-31	12 months ending 2013-03-31	12 months ending 2014-03-31	2014	2015	2016	2017	2018
Revenue	83.36	89.38	103.06	100.77	100.77	100.77	100.77	100.77	100.77
COGS	69.07	75.72	87.34	84.57	84.65	84.65	84.65	84.65	84.65
Gross margin	14.29	13.66	15.72	16.20	16.12	16.12	16.12	16.12	16.12
SG&A	10.59	11.34	12.46	12.64	13.10	13.10	13.10	13.10	13.10
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	-0.10	-0.02	0.00	-0.02	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Excluded from COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	3.80	2.34	3.26	3.38	3.02	3.02	3.02	3.02	3.02
Interest income/(expense)	0.13	0.03	0.00	0.03	0.05	0.05	0.05	0.05	0.05
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income before tax	3.57	2.10	2.73	2.66	3.08	3.08	3.08	3.08	3.08
Tax	1.43	0.75	1.06	1.19	1.08	1.08	1.08	1.08	1.08
Income after tax	2.14	1.35	1.67	1.47	2.00	2.00	2.00	2.00	2.00
Minority Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	2.14	1.35	1.67	1.47	2.00	2.00	2.00	2.00	2.00
*Figures are in millions (\$)									
EPS (based off today's share count)	\$0.91	\$0.57	\$0.71	\$0.62	\$0.85	\$0.85	\$0.85	\$0.85	\$0.85
P/E (historical today's price; forecasted intrinsic price)	29.91	47.41	38.33	43.54	29.95	28.01	26.20	24.51	22.93
Revenue Growth	N/A	7.22%	15.31%	-2.22%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	40.06%	35.71%	38.83%	44.74%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	1300.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Margins									
COGS	82.86%	84.72%	84.75%	83.92%	84.00%	84.00%	84.00%	84.00%	84.00%
Gross margin	17.14%	15.28%	15.25%	16.08%	16.00%	16.00%	16.00%	16.00%	16.00%
SG&A	12.70%	12.69%	12.09%	12.74%	13.00%	13.00%	13.00%	13.00%	13.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	-0.12%	-0.02%	0.00%	-0.02%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Excluded from COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	4.56%	2.62%	3.16%	3.35%	3.00%	3.00%	3.00%	3.00%	3.00%
Interest income/(expense)	0.16%	0.03%	0.00%	0.03%	0.05%	0.05%	0.05%	0.05%	0.05%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	4.28%	2.35%	2.65%	2.64%	3.05%	3.05%	3.05%	3.05%	3.05%
Tax	1.72%	0.84%	1.03%	1.18%	1.07%	1.07%	1.07%	1.07%	1.07%
Income after tax	2.57%	1.51%	1.62%	1.46%	1.98%	1.98%	1.98%	1.98%	1.98%
Minority Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	2.57%	1.51%	1.62%	1.46%	1.98%	1.98%	1.98%	1.98%	1.98%

	As of 2011-03-31	As of 2012-03-31	As of 2013-03-31	As of 2014-03-31	Adjustment		Adjusted Proforma	2014	2015	2016	2017	2018
					+	-						
Cash	6.52	5.81	9.20	3.76	0.21		0.21	2.958945	5.71	8.46	11.21	13.95
Short term investment	0.05	0.00	0.00	1.46	4.85		4.85	4.85	4.85	4.85	4.85	4.85
Cash and Short term	6.57	5.81	9.20	5.22	5.06		5.06	7.81	10.56	13.31	16.06	18.80
Accounts Receivable	11.69	8.95	11.69	10.25	10.00		10.00	10.00	10.00	10.00	10.00	10.00
Other receivables	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	11.69	8.95	11.69	10.25	10.00		10.00	10.00	10.00	10.00	10.00	10.00
Total Inventory	11.54	13.45	8.18	12.24	8.92		8.92	8.92	8.92	8.92	8.92	8.92
Prepaid Expenses	0.43	0.76	0.62	0.85	0.54		0.54	0.54	0.54	0.54	0.54	0.54
Other Current Assets	0.41	0.43	0.41	0.21	0.21		0.21	0.21	0.21	0.21	0.21	0.21
Current Assets	30.64	29.40	30.10	28.77	24.73	0.00	24.73	27.478945	30.23	32.98	35.73	38.47
PP&E, Gross	7.98	10.17	11.07	0.00	11.00		11.00	11.00	11.00	11.00	11.00	11.00
Change in Depreciation	0.37	0.28	0.53	0.75	0.75		0.75	0.75	0.75	0.75	0.75	0.75
Accumulated Depreciation	6.79	7.19	7.60	0.00	8.00		8.00	8.75	9.50	10.25	11.00	11.75
PP&E, Net	1.19	2.98	3.47	0.00	3.00		3.00	2.25	1.50	0.75	0.00	-0.75
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Long term investments	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	2.04	1.80	1.90	2.70	2.70		2.70	2.70	2.70	2.70	2.70	2.70
Long Term Assets	3.23	4.78	5.37	2.70	5.70		5.70	4.95	4.20	3.45	2.70	1.95
Total Assets	33.87	34.18	35.47	31.47	30.43	0.00	30.43	32.43	34.43	36.43	38.43	40.42
Accounts Payable	6.10	6.00	5.74	6.43	7.00		7.00	7.00	7.00	7.00	7.00	7.00
Accrued Expense	1.80	1.97	2.12	2.59	3.00		3.00	3.00	3.00	3.00	3.00	3.00
Other current Liabilities	0.07	0.00	0.00	0.00	0.02		0.02	0.02	0.02	0.02	0.02	0.02
Total Current Liabilities	7.97	7.97	7.86	9.02	10.02	0.00	10.02	10.02	10.02	10.02	10.02	10.02
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	0.01	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Lease Obligations	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Total Interest Earning Debt	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Income tax	0.00	0.06	0.07	0.84	0.84		0.84	0.84	0.84	0.84	0.84	0.84
Minority Interest	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	0.00	0.00	0.00	0.00	-0.57		-0.57	-0.57	-0.57	-0.57	-0.57	-0.57
Total Liabilities	7.98	8.03	7.93	9.86	10.29	0.00	10.29	10.29	10.29	10.29	10.29	10.29
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	0.61	0.61	0.61	0.59	0.59	0.00	0.59	0.59	0.59	0.59	0.59	0.59
Additional Paid-in capital	6.24	6.31	6.32	4.86	5.00	0.00	5.00	5.00	5.00	5.00	5.00	5.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	19.39	20.13	21.19	21.92	22.00		22.00	24.00	26.00	28.00	30.00	31.99
Treasury Stock	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Equity	26.24	27.05	28.12	27.36	27.59	0.00	27.59	29.59	31.59	33.59	35.59	37.58
Liability + Equity	34.22	35.08	36.05	37.22	37.88	0.00	37.88	39.88	41.88	43.88	45.88	47.87
Variance	-0.35	-0.90	-0.58	-5.75	-7.45		-7.45	-7.45	-7.45	-7.45	-7.45	-7.45
Debt/Equity	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Inventory Turnover	7.22	6.65	12.60	8.23	11.30		11.30	11.30	11.30	11.30	11.30	11.30
Inventory Turnover Days	50.53	54.93	28.97	44.33	32.31		32.31	32.31	32.31	32.31	32.31	32.31
Days Inventory Outstanding	60.98	64.83	34.18	52.83	38.46		38.50	38.46	38.46	38.46	38.46	38.46
Accounts Receivable Turnover	7.13	9.99	8.82	9.83	10.08		10.08	10.08	10.08	10.08	10.08	10.08
Accounts Receivable Turnover Days	51.19	36.55	41.40	37.13	36.22		36.22	36.22	36.22	36.22	36.22	36.22
Days Payable Outstanding	32.24	28.92	23.99	27.75	30.18		30.21	30.18	30.18	30.18	30.18	30.18
Days Sales Outstanding	51.19	36.55	41.40	37.13	36.22		37.13	36.22	36.22	36.22	36.22	36.22
Cash Conversion Cycle	79.93	72.46	51.60	62.20	44.50		45.41	44.50	44.50	44.50	44.50	44.50
Net tangible assets/share	\$11.12	\$11.46	\$11.92	\$11.59	\$11.69		\$12.54	\$13.38	\$14.23	\$15.08	\$15.93	\$15.93

	12 months ending 2011-03-31	12 months ending 2012-03-31	12 months ending 2013-03-31	12 months ending 2014-03-31	2014	2015	2016	2017	2018
Net Income	2.14	1.35	1.67	1.47	2.00	2.00	2.00	2.00	2.00
Depreciation	0.37	0.28	0.53	0.75	0.75	0.75	0.75	0.75	0.75
Net Income + Depreciation	2.51	1.63	2.20	2.22	2.75	2.75	2.75	2.75	2.75
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	0.01	0.41	0.03	0.91	0.00	0.00	0.00	0.00	0.00
Non Cash Items	0.00	0.38	0.10	0.24	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-7.02	-1.66	2.03	-3.92	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	2.74	-2.74	1.44	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	-1.91	5.27	-4.06	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-0.33	0.14	-0.23	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-0.10	-0.26	0.69	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	-4.50	0.76	4.36	-0.55	2.75	2.75	2.75	2.75	2.75
Capital Expenditures Expenditures	-0.26	-1.00	-0.38	-1.28	0.00	0.00	0.00	0.00	0.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	2.32	0.10	0.01	-1.42	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	2.06	-0.90	-0.37	-2.70	0.00	0.00	0.00	0.00	0.00
Financing Cash flow items	0.00	-0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-0.80	-0.61	-0.61	-0.73	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.00	0.12	0.00	-1.45	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	-0.01	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-0.81	-0.55	-0.61	-2.18	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	9.78	6.52	5.81	9.20	0.21	2.96	5.71	8.46	11.21
Net Change in Cash	-3.26	-0.70	3.38	-5.44	2.75	2.75	2.75	2.75	2.75
Ending Cash Balance	6.52	5.81	9.19	3.76	2.96	5.71	8.46	11.21	13.95
Capex to Revenue	0.31%	1.12%	0.37%	1.27%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation to Sales	0.44%	0.31%	0.51%	0.74%	0.74%	0.74%	0.74%	0.74%	0.74%
Amortization to Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A/R to Sales	14.02%	10.01%	11.34%	10.17%	10.17%	10.17%	10.17%	10.17%	10.17%
Distributable FCF/EV Yield	-4.14%	-0.24%	6.77%	-5.51%	4.66%	4.66%	4.66%	4.66%	4.66%
Dividend Yield	-1.25%	-0.95%	-0.95%	-1.14%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	-3.96	0.37	4.59	-1.10	2.75	2.75	2.75	2.75	2.75

SN VALUATION

LBO Debt Schedule

Ticker:

AIRT

	Proforma	2014	2015	2016	2017	2018
Net Change in Cash	-5.44	2.75	2.75	2.75	2.75	2.75
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	0.00	0.00	0.00	0.00	0.00	0.00
Current Portion Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		5.00%	5.00%	5.00%	5.00%	5.00%
Interest Rate		8.00%	8.00%	8.00%	8.00%	8.00%
Interest Expense		0.00	0.00	0.00	0.00	0.00
Cash Balance		5.22				
Interest @ 1.0%		0.05	0.05	0.05	0.05	0.05
Net Interest Expense/(Income)		(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
Net Interest Rate		N/A	N/A	N/A	N/A	N/A
EBITDA		3.02	3.02	3.02	3.02	3.02
EBITDA/Interest Expense Coverage		N/A	N/A	N/A	N/A	N/A

Interest Rate Coverage Table

Debt Rating					
AAA					
AA					
A+					
A					
A-					
BBB					
BB+					
BB					
B+					
B					
B-					
CCC					
CC					
C					
D					

*Source: NYU; Professor Damodaran

SN VALUATION

Altman Z Score

Company Name:

Air T Inc

Ticker:

AIRT

Period	2010	2011	2012	2013	2014	2015	2016	2017	2018
Working Capital	22.67	21.43	22.24	14.71	17.46	20.21	22.96	25.71	28.45
Total Assets	33.87	34.18	35.47	30.43	32.43	34.43	36.43	38.43	40.42
X1	0.67	0.63	0.63	0.48	0.54	0.59	0.63	0.67	0.70
Retained Earnings	19.39	20.13	21.19	22.00	24.00	26.00	28.00	30.00	31.99
Total Assets	33.87	34.18	35.47	30.43	32.43	34.43	36.43	38.43	40.42
X2	0.57	0.59	0.60	0.72	0.74	0.76	0.77	0.78	0.79
EBITDA	3.80	2.34	3.26	3.38	3.02	3.02	3.02	3.02	3.02
Total Assets	33.87	34.18	35.47	30.43	32.43	34.43	36.43	38.43	40.42
X3	0.11	0.07	0.09	0.11	0.09	0.09	0.08	0.08	0.07
Market Value of Equity	64.00	64.00	64.00	64.00	59.87	56.00	52.38	49.00	45.83
Total Liabilities	7.98	8.03	7.93	10.29	10.29	10.29	10.29	10.29	10.29
X4	8.02	7.97	8.07	6.22	5.82	5.44	5.09	4.76	4.45
Net Sales	83.36	89.38	103.06	100.77	100.77	100.77	100.77	100.77	100.77
Total Assets	33.87	34.18	35.47	30.43	32.43	34.43	36.43	38.43	40.42
X5	2.46	2.61	2.91	3.31	3.11	2.93	2.77	2.62	2.49
Altman Z Score	9.25	9.20	9.64	9.00	8.59	8.24	7.93	7.63	7.36

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red

Year	Present Value	Holding Period					Terminal Value			Sale Price
	0	1	2	3	4	5	6	7	8	TBV at Year 5 + 3 Years FCF
Tangible Book Value	27.59	29.59	31.59	33.59	35.59	37.58				37.58
Annual Change		2.00	2.00	2.00	2.00	2.00				
Annual FCF	(1.83)	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	8.25
Annual Op. Cash Flow	(0.55)	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	
Annual PP&E Investment	(1.28)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Today's Tangible Book Value	27.59	29.35	31.22	33.21	35.33	37.58				45.83
Intrinsic Value IRR	6.38%									
Market Price	64.00	59.87	56.00	52.38	49.00	45.83				45.83
Market Price IRR	-6.46%									

Debt	50.00%	32.00
Equity	50.00%	32.00
Total	100.00%	64.00

	Present Value	Holding Period					Terminal Value			Sale Price
	Historic	ProForma	1	2	3	4	5	6	7	8
Book Equity	27.59	32.00	32.30	32.60	32.90	33.21	33.51			
Goodwill	0	36.41	36.41	36.41	36.41	36.41	36.41			
Debt	0	32.00	32.00	32.00	32.00	32.00	32.00			
Debt Interest Rate		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%			
Additional Interest Expense		2.61	2.61	2.61	2.61	2.61				
Tangible Book Value	27.59	-4.41	-4.11	-3.81	-3.51	-3.21	-2.91			-2.91
Annual Change		0.30	0.30	0.30	0.30	0.30	0.30			
Annual FCF	(1.83)	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	3.15
Annual Net Income	1.47	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	
Annual Op. Cash Flow	(0.55)	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
Dividend Payments										
Annual PP&E Investment	(1.28)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Debt Paydown	0.00							0.00	0.00	0.00

Sale Price in Year 5 0.25

Capital Left for Equity Investor 0.25
 Dividend Payments 0.00
 Total Cash In Flow 0.25

We assume the debt taken on by the investor is now on the Co's books, so the investor has no more liability from the deal.

Invested Equity 32.00
 IRR -62.23%

Value Creation
 TBV Growth (equals sum of NI Year 1-5) 1.50
 Cash Flow (Year 6-8) 3.15
4.66

Value Dilution
 Debt 32.00
 Goodwill 36.41
 Additional Interest 13.06
81.48