

December 14, 2012

SN VALUATION [Stocks, Real Estate, Bonds]

Audiovox (VOXX)

Price:	\$6.43
Market Cap:	\$150,462,000
Cash:	\$17,710,000
Debt:	\$211,720,000
Net Cash:	-\$194,010,000
Enterprise Value:	\$344,472,000
Target Market Cap:	\$470,163,525
Target Enterprise Value:	\$664,173,525

Price/Book:	0.35
EV/FCF:	-2.87
Net Tang. Asset/Share:	\$11.24
Avg. Year 1-5 FCF/Share:	\$0.71
5 Years of FCF:	\$3.56
Net Tang. Asset+5 FCF:	\$14.81

Net Tang. Asset Yr. 5/Share:	\$14.39
Avg. Year FCF/Share:	\$0.71
Year 5 Disposition FCF Multipl:	3.0
Year 5 Disposition Price:	\$16.53
Gain Year 5:	\$5.29

Net Tang. Asset+5 FCF+ Gain Disposition:	\$20.09
IRR:	25.59%

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Company Name:	Audiovox
Ticker Symbol:	VOXX
Last Price:	\$6.43
Net Cash/Share:	-\$8.29
Net Cash to Last Price:	-128.94%
Shares Outstanding:	23,400,000
Industry:	Error
Sector:	Error
Institutional Ownership:	#VALUE!
Mutual Fund Ownership:	#VALUE!
Insider Ownership:	#VALUE!
Retail 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!
50 day Moving Average:	Error
200 day Moving Average:	Error

Analyst/Consensus	
Analyst Sales Growth FY1:	19.40%
Analyst Sales Growth FY2:	6.90%
SN Valuation Estimate FY1:	5.00%
SN Valuation Estimate FY2:	5.00%

Analyst Earnings Estimate FY1:	\$0.63
Analyst Earnings Estimate FY2:	\$1.35
SN Valuation Earnings Est. FY1:	\$0.54
SN Valuation Earnings Est. FY2:	\$0.58

Multiples	
Market Value to Book:	0.35
EV to Book:	0.81
Market Value to Tangible Net Assets:	1.12
P/E Ratio:	8.03
Trailing P/E Ratio:	7.74
Forward P/E Ratio:	4.63
Beta:	Error
Dividend:	0
Dividend Yield:	0.00%
Dividend Date:	N/A
Ex-Dividend Date:	N/A

Competitors	
Average EV to EBITDA:	N/A
Company EV to EBITDA:	6.36
Average EV to EBIT:	N/A
Company EV to EBITA:	7.85

Market Capitalization:	\$150,462,000.00
Total Debt:	\$211,720,000.00
Total Cash:	\$17,710,000.00
Net Cash/(Debt):	-\$194,010,000.00
Enterprise Value:	\$344,472,000.00
Current EV/Share:	\$14.72
EBITDA:	\$54,170,000.00
EV/EBITDA Multiple:	6.36
EV/EBITDA Multiple Average Year 1-5:	7.70
EV/FCF Multiple:	-2.87
EV/FCF Multiple Average Year 1-5:	20.66

Upper Range	
DCF: EV/EBITDA Terminal Value	
Implied TV from 3 X EV/EBITDA Multiple	\$108,288,916.99
Enterprise Value	\$108,288,916.99
Cash at Year 5:	\$101,069,695.14
Debt at Year 5:	\$211,720,000.00
Equity Value Year 5:	-\$2,361,387.87
Equity/Share at Year 5:	-\$0.10
Annualized Return:	-143.57%

Lower Range	
DCF: Net Tangible Asset excluding Cash/Debt Terminal Value	
Year 5 Net Tangible Assets excluding cash and debt	\$177,640,000.00
Enterprise Value	\$177,640,000.00
Cash at Year 5:	\$101,069,695.14
Debt at Year 5:	\$211,720,000.00
Equity Value Year 5:	\$66,989,695.14
Equity/Share at Year 5:	\$2.86
Annualized Return:	-14.94%

EVA	
EVA today:	\$393,783,009.09
EVA in 5 Years:	\$457,313,050.22
EVA/Share:	\$19.54
Cash at Year 5:	\$101,069,695.14
Debt at Year 5:	\$211,720,000.00
Equity Value Year 5:	\$346,662,745.37
Equity/Share at Year 5:	\$14.81
Annualized return	3.04%

Current Net Tangible Asset	
Net Tangible Asset/Share:	\$2.91
Net Tangible Asset/Share in Year 5:	\$6.06
Annualized return	15.78%

Current Equity Price:	\$6.43
Selling at Discount?	Premium
Appreciation Potential:	-54.69%

Dividend Model	
Next Year Dividend	\$0.00
WACC:	9.47%
Dividend:	\$0.00
Net Income:	\$18,740,000.00

Income Statement		
Revenue:	\$769,150,000.00	100.0%
Cost of Goods Sold:	\$566,190,000.00	73.6%
Gross Profit:	\$202,960,000.00	26.4%
EBITDA:	\$58,180,000.00	7.6%
Net Income:	\$18,740,000.00	2.4%

Balance Sheet	
Cash:	\$17,710,000.00
Short Term Investment:	\$0.00
A/R:	\$136,660,000.00
PP&E:	\$105,000,000.00
Assets:	\$839,360,000.00
A/P:	\$43,760,000.00
Deferred Tax:	\$39,120,000.00
Other Liabilities:	\$123,290,000.00
Short term Debt:	\$25,720,000.00
Long Term Debt:	\$186,000,000.00
Liabilities:	\$417,890,000.00
Retained Earnings:	\$161,700,000.00
Paid-In Capital:	\$285,800,000.00
Treasury Stock:	-\$18,370,000.00
Stockholder's Equity:	\$425,160,000.00

Cash Flow	
Net Income:	25,650,000.00
Depreciation/Amortization:	10,290,000.00
Change in Working capital:	19,360,000.00
Cash from Operating Activities:	59,580,000.00
Capital Expenditures:	-12,360,000.00
Cash from Investing Activities:	-179,410,000.00
Total Cash Dividends Paid:	0.00
Issuance (Retirement) of Stock:	400,000.00
Issuance (Retirement) of Debt:	32,450,000.00
Cash from Financing Activities:	34,700,000.00

Profitability Margins	
Debt to Equity:	49.80%
Return on Assets:	3.06%
Return on Capital:	4.03%
Return on Equity:	6.03%

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LBO Analysis

WACC Terminal Value:	N/A	Intrinsic Price in 5 Years:	5.17	Non-LBO Forecast		Non-LBO Forecast	
EV/EBITDA with 3X Multiple Terminal Value:	\$0.00	Market Price:	6.43	Year 1 Target	6.15	Desired Return Rate	20.00%
Net Tangible Asset Terminal Value:	\$2.86	LBO Price:	6.43	Year 2 Target	5.89	Implied Today's Price	2.08
EV/EBITDA with Today's Multiple Terminal Value:	\$2.98	Premium to Market Price:	0.00%	Year 3 Target	5.64	Overvalued/(Undervalued)	209.75%
EVA Enterprise Value:	\$14.81	LBO Price/Intrinsic Price Target:	-4.29%	Year 4 Target	5.40		
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	-18.49%	Year 5 Target	5.17		
Average (Excluding Dividend Discount):	\$5.17	Implied IRR at today's EV/EBITDA:	-14.23%	Implied IRR (Market Price):	-4.29%		
		5 Year Return:	-19.67%				

Current Evaluation				Exit Evaluation			
Current Market Price:	6.43	LBO Price:	6.43	Exit Price:	5.17	Exit Price:	2.98
Outstanding Shares:	23,400,000	Outstanding Shares:	23,400,000	Outstanding Shares:	23,400,000	Outstanding Shares:	23,400,000
Market Capitalization:	150,462,000	Market Capitalization:	150,462,000	Market Capitalization:	120,870,916	Market Capitalization:	69,831,223
Available Cash:	17,710,000	Available Cash:	17,710,000	Available Cash:	101,069,695	Available Cash:	101,069,695
Debt:	211,720,000	Debt:	211,720,000	Debt:	211,720,000	Debt:	211,720,000
Net Cash:	-194,010,000	Net Cash:	-194,010,000	Net Cash:	-110,650,305	Net Cash:	-110,650,305
Enterprise Value:	344,472,000	Enterprise Value:	344,472,000	Enterprise Value:	231,521,221	Enterprise Value:	180,481,528
Original EV/EBITDA:	7.85	EV/EBITDA:	7.85	EV/EBITDA at 5 Years:	6.41	EV/EBITDA at 5 Years:	5.00
Original EV/EBITDA:	6.36	EV/EBITDA:	6.36	EV/EBITDA at 5 Years:	7.72	EV/EBITDA at 5 Years:	3.67
Competitor Average EV/EBIT:	N/A						
Competitor Average EV/EBITDA:	N/A						

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	6.43	6.43	6.16	5.89	5.64	5.40	5.17
Shares Outstanding:	23,400,000	23,400,000	23,400,000	23,400,000	23,400,000	23,400,000	23,400,000
Market Capitalization:	150,462,000	150,540,521	144,089,526	137,914,970	132,005,007	126,348,300	120,933,994
Available Cash:	17,710,000	17,710,000	31,216,878	46,229,118	62,821,988	81,074,519	101,069,695
Debt:	211,720,000	211,720,000	211,720,000	211,720,000	211,720,000	211,720,000	211,720,000
Net Cash:	-194,010,000	-194,010,000	-180,503,122	-165,490,882	-148,898,012	-130,645,481	-110,650,305
Enterprise Value:	344,472,000	344,550,521	324,592,648	303,405,852	280,903,019	256,993,780	231,584,299
EBIT	43,880,000	43,880,000	29,696,520	31,181,346	32,740,413	34,377,434	36,096,306
EV/EBIT:	7.85	7.85	10.93	9.73	8.58	7.48	6.42
EBITDA	54,170,000	54,170,000	40,501,020	42,526,071	44,652,375	46,884,993	49,229,243
EV/EBITDA:	6.36	6.36	8.01	7.13	6.29	5.48	4.70

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	6.43	6.43	2.25	3.39	4.62	5.95	7.38
Shares Outstanding:	23,400,000	23,400,000	23,400,000	23,400,000	23,400,000	23,400,000	23,400,000
Market Capitalization:	150,462,000	150,540,521	52,677,175	79,348,430	108,183,265	139,289,861	172,781,804
Available Cash:	17,710,000	17,710,000	31,216,878	46,229,118	62,821,988	81,074,519	101,069,695
Debt:	211,720,000	211,720,000	211,720,000	211,720,000	211,720,000	211,720,000	211,720,000
Net Cash:	-194,010,000	-194,010,000	-180,503,122	-165,490,882	-148,898,012	-130,645,481	-110,650,305
Enterprise Value:	344,472,000	344,550,521	233,180,297	244,839,312	257,081,278	269,935,342	283,432,109
EBIT	43,880,000	43,880,000	29,696,520	31,181,346	32,740,413	34,377,434	36,096,306
EV/EBIT:	7.85	7.85	7.85	7.85	7.85	7.85	7.85
EBITDA	54,170,000	54,170,000	40,501,020	42,526,071	44,652,375	46,884,993	49,229,243
EV/EBITDA:	6.36	6.36	5.76	5.76	5.76	5.76	5.76

LBO Price	6.43	Equity Partners:	194,112,000	Weighting	100.00%	Annualized Return for Equity Partners: -18.49%
Shares Outstanding	23,400,000	Debt Partners:	0		0.00%	
Market Capitalization	150,462,000	Total Funds for LBO:	194,112,000		100.00%	
Debt	43,650,000					
Cash	17,710,000					
Enterprise Value	176,402,000					
Capital Investment	194,112,000					

Book Value	Enterprise Value	Stock Valuation	Debt Reduction
Beginning Book Value	425.16	Current Market Price	Starting Debt
Year 5 Book Value	498.82	Year 5 Market Price	Debt Repayment
Annualized Return	3.25%	Annualized Return	-14.23%
			% of Starting Debt
			180.09
			0.00
			180.09
			100.00%

SN VALUATION

LBO Pro Forma Income Statement

Name:

Audiovox

Ticker:

VOXX

	Historical				Forecasted				
	12 months ending 2009-02-28	12 months ending 2010-02-28	12 months ending 2011-02-28	12 months ending 2012-02-29	2013	2014	2015	2016	2017
Revenue	603.10	550.70	561.67	707.06	742.41	779.53	818.51	859.44	902.41
COGS	502.83	443.94	437.74	504.11	541.96	569.06	597.51	627.39	658.76
Gross margin	100.27	106.76	123.93	202.95	200.45	210.47	221.00	232.05	243.65
SG&A	104.36	93.00	101.78	140.50	146.48	155.31	163.70	171.89	180.48
R&D	10.52	9.78	11.93	15.82	22.27	23.39	24.56	25.78	27.07
Unusual expense	38.81	0.21	1.21	2.75	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: Included within COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	-53.44	3.77	9.01	43.88	29.70	31.18	32.74	34.38	36.10
Interest income/(expense)	0.42	2.28	2.37	1.26	-10.15	-10.15	-10.15	-10.15	-10.15
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	-2.93	5.11	1.11	-6.24	0.00	0.00	0.00	0.00	0.00
Income before tax	-55.95	11.15	12.50	38.89	19.54	21.03	22.59	24.22	25.94
Tax	15.06	-11.33	-10.53	13.24	6.84	7.36	7.91	8.48	9.08
Income after tax	-71.03	22.48	23.03	25.65	12.70	13.67	14.68	15.74	16.86
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	-71.03	22.48	23.03	25.65	12.70	13.67	14.68	15.74	16.86
*Figures are in millions (\$)									
EPS (based off today's share count)	-\$3.04	\$0.96	\$0.98	\$1.10	\$0.54	\$0.58	\$0.63	\$0.67	\$0.72
P/E (historical today's price; forecasted intrinsic price)	-2.12	6.69	6.53	5.87	11.34	10.09	8.99	8.02	7.17
Revenue Growth	N/A	-8.69%	1.99%	25.89%	5.00%	5.00%	5.00%	5.00%	5.00%
Tax Rate	-26.85%	-101.61%	-84.24%	34.04%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	2.97%	11.30%	19.92%	2.89%	-5.64%	-5.64%	-5.64%	-5.64%	-5.64%
Margins									
COGS	83.37%	80.61%	77.94%	71.30%	73.00%	73.00%	73.00%	73.00%	73.00%
Gross margin	16.63%	19.39%	22.06%	28.70%	27.00%	27.00%	27.00%	27.00%	27.00%
SG&A	17.31%	16.89%	18.12%	19.87%	20.00%	20.00%	20.00%	20.00%	20.00%
R&D	1.74%	1.78%	2.12%	2.24%	3.00%	3.00%	3.00%	3.00%	3.00%
Unusual expense	6.44%	0.04%	0.22%	0.39%	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: Included within COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	-8.86%	0.68%	1.60%	6.21%	4.00%	4.00%	4.00%	4.00%	4.00%
Interest income/(expense)	0.07%	0.41%	0.42%	0.18%	-1.37%	-1.30%	-1.24%	-1.18%	-1.13%
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	-0.49%	0.93%	0.20%	-0.88%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	-9.28%	2.02%	2.23%	5.50%	2.63%	2.70%	2.76%	2.82%	2.87%
Tax	2.50%	-2.06%	-1.87%	1.87%	0.92%	0.94%	0.97%	0.99%	1.01%
Income after tax	-11.78%	4.08%	4.10%	3.63%	1.71%	1.84%	1.98%	2.12%	2.27%
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	-11.78%	4.08%	4.10%	3.63%	1.71%	1.78%	1.79%	1.83%	1.87%

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LBO Adjusted Proforma Balance Sheet

	As of 2009-02-28	As of 2010-02-28	As of 2011-02-28	As of 2012-02-29	As of 2012-08-31	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	69.50	69.51	98.63	13.61	17.71			17.71	31.22	46.23	62.82	81.07	101.07
Short term investment	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	69.50	69.51	98.63	13.61	17.71			17.71	31.22	46.23	62.82	81.07	101.07
Accounts Receivable	104.90	131.27	108.05	142.59	136.66			136.66	136.66	136.66	136.66	136.66	136.66
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	104.90	131.27	108.05	142.59	136.66			136.66	136.66	136.66	136.66	136.66	136.66
Total Inventory	125.30	102.72	113.62	129.51	170.56			170.56	170.56	170.56	170.56	170.56	170.56
Prepaid Expenses	17.97	16.31	9.38	13.55	11.47			11.47	11.47	11.47	11.47	11.47	11.47
Other Current Assets	0.35	0.05	2.77	3.15	5.29			5.29	5.29	5.29	5.29	5.29	5.29
Current Assets	318.02	319.86	332.45	302.41	341.69	0.00	0.00	341.69	355.20	370.21	386.80	405.05	425.05
PP&E, Gross	53.44	60.38	63.17	70.00	150.00			150.00	160.00	170.00	180.00	190.00	200.00
Change in Depreciation		7.69	7.87	10.29	10.29			10.29	10.80	11.34	11.91	12.51	13.13
Accumulated Depreciation	33.54	38.24	43.61	45.00	45.00			45.00	55.80	67.15	79.06	91.57	104.70
PP&E, Net	19.90	22.14	19.56	25.00	105.00			105.00	104.20	102.85	100.94	98.43	95.30
Goodwill	0.00	7.39	7.37	87.37	158.34	0.00		158.34	158.34	158.34	158.34	158.34	158.34
Intangibles	88.52	97.23	99.19	175.35	194.96			194.96	194.96	194.96	194.96	194.96	194.96
Long term investments	20.86	27.16	26.26	28.00	29.77			29.77	29.77	29.77	29.77	29.77	29.77
Other long term assets	1.78	2.73	7.88	4.58	9.60			9.60	9.60	9.60	9.60	9.60	9.60
Long Term Assets	131.06	156.65	160.26	320.30	497.67	0.00	0.00	497.67	496.87	495.52	493.61	491.10	487.97
Total Assets	449.08	476.51	492.71	622.71	839.36	0.00	0.00	839.36	852.06	865.73	880.41	896.16	913.02
Accounts Payable	41.80	36.13	27.34	43.76	43.76			43.76	43.76	43.76	43.76	43.76	43.76
Accrued Expense	40.49	46.40	48.48	70.83	70.83			70.83	70.83	70.83	70.83	70.83	70.83
Other current Liabilities	4.12	1.93	2.01	5.95	2.31			2.31	2.31	2.31	2.31	2.31	2.31
Total Current Liabilities	86.41	84.46	77.83	120.54	116.90	0.00	0.00	116.90	116.90	116.90	116.90	116.90	116.90
Notes Payables/Short Term Debt	1.47	1.70	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	1.26	6.38	4.47	3.59	25.72			25.72	25.72	25.72	25.72	25.72	25.72
Long term Debt	5.90	6.61	2.08	34.86	180.09	0.00	0.00	180.09	180.09	180.09	180.09	180.09	180.09
Capital Lease Obligations	5.53	5.49	5.35	5.20	5.91			5.91	5.91	5.91	5.91	5.91	5.91
Total Interest Earning Debt	14.16	20.18	11.90	43.65	211.72	0.00	0.00	211.72	211.72	211.72	211.72	211.72	211.72
Deferred Income tax	4.66	8.50	4.92	34.22	39.12			39.12	39.12	39.12	39.12	39.12	39.12
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	15.57	11.57	13.51	13.98	50.15			50.15	50.15	50.15	50.15	50.15	50.15
Total Liabilities	120.80	124.71	108.16	212.39	417.89	0.00	0.00	417.89	417.89	417.89	417.89	417.89	417.89
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	0.25	0.25	0.25	0.25	0.25		0.00	0.25	0.25	0.25	0.25	0.25	0.25
Additional Paid-in capital	274.46	275.68	277.90	281.21	285.55	0.00	0.00	285.55	285.55	285.55	285.55	285.55	285.55
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	91.51	114.00	137.03	162.68	161.70		0.00	161.70	174.40	188.07	202.75	218.50	235.36
Treasury Stock	-18.40	-18.39	-18.38	-18.37	-18.37			-18.37	-18.37	-18.37	-18.37	-18.37	-18.37
Other Equity	-7.33	-7.28	-3.85	-3.97	-3.97		0.00	-3.97	-3.97	-3.97	-3.97	-3.97	-3.97
Total Equity	340.49	364.26	392.95	421.80	425.16	0.00	0.00	425.16	437.86	451.53	466.21	481.96	498.82
Liability + Equity	461.29	488.97	501.11	634.19	843.05	0.00	0.00	843.05	855.75	869.42	884.10	899.85	916.71
Variance	-12.21	-12.46	-8.40	-11.48	-3.69			-3.69	-3.69	-3.69	-3.69	-3.69	-3.69
Debt/Equity	0.04	0.06	0.03	0.10	0.50			0.50	0.48	0.47	0.45	0.44	0.42
Inventory Turnover	4.81	5.36	4.94	5.46	4.35			4.15	4.35	4.57	4.80	5.04	5.29
Inventory Turnover Days	75.83	68.08	73.84	66.86	83.85			88.05	83.85	79.86	76.06	72.44	68.99
Days Inventory Outstanding	90.95	84.45	94.74	93.77	114.87			123.49	114.87	109.40	104.19	99.23	94.50
Accounts Receivable Turnover	5.75	4.20	5.20	4.96	5.43			5.17	5.43	5.70	5.99	6.29	6.60
Accounts Receivable Turnover Days	63.49	87.00	70.22	73.61	67.19			70.55	67.19	63.99	60.94	58.04	55.28
Days Payable Outstanding	30.34	29.71	22.80	31.68	29.47			31.68	29.47	28.07	26.73	25.46	24.25
Days Sales Outstanding	63.49	87.00	70.22	73.61	67.19			73.61	70.55	67.19	63.99	60.94	58.04
Cash Conversion Cycle	124.10	141.75	142.16	135.70	152.58			165.42	155.94	148.52	141.45	134.71	128.30
Net tangible assets/share	\$14.03	\$14.72	\$16.12	\$13.80	\$11.24				\$11.79	\$12.37	\$13.00	\$13.67	\$14.39

SN VALUATION

LBO Adjusted Proforma Cash Flow

	12 months ending 2009-02-28	12 months ending 2010-02-28	12 months ending 2011-02-28	12 months ending 2012-02-29	2011	2012	2013	2014	2015
Net Income	-71.03	22.48	23.03	25.65	12.70	13.67	14.68	15.74	16.86
Depreciation	7.29	7.69	7.87	10.29	10.80	11.34	11.91	12.51	13.13
Net Income + Depreciation	-63.74	30.17	30.90	35.94	23.51	25.01	26.59	28.25	30.00
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	13.65	1.59	-13.57	4.08	0.00	0.00	0.00	0.00	0.00
Non Cash Items	40.62	-0.82	3.38	0.20	0.00	0.00	0.00	0.00	0.00
Change in Working capital	39.48	-2.73	11.42	19.36	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-26.37	23.22	-34.54	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	22.58	-10.90	-15.89	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	1.66	6.93	-4.17	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-5.67	-8.79	16.42	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	30.01	28.21	32.13	59.58	23.51	25.01	26.59	28.25	30.00
Capital Expenditures Expenditures	-4.61	-5.02	-3.06	-12.36	-10.00	-10.00	-10.00	-10.00	-10.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	0.61	-19.99	4.47	-167.05	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-4.00	-25.01	1.41	-179.41	-10.00	-10.00	-10.00	-10.00	-10.00
Financing Cash flow items	0.02	0.00	0.00	1.85	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.05	0.09	0.94	0.40	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	4.58	-1.32	-5.32	32.45	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	4.65	-1.23	-4.38	34.70	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	-0.51	-1.98	-0.05	0.10	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	39.34	69.50	69.51	98.63	17.71	31.22	46.23	62.82	81.07
Net Change in Cash	30.16	0.01	29.12	-85.02	13.51	15.01	16.59	18.25	20.00
Ending Cash Balance	69.50	69.51	98.63	13.61	31.22	46.23	62.82	81.07	101.07
Capex to Revenue	0.76%	0.91%	0.54%	1.75%	1.35%	1.28%	1.22%	1.16%	1.11%
Depreciation to Sales	1.21%	1.40%	1.40%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%
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	17.39%	23.84%	19.24%	20.17%	19.21%	18.29%	17.42%	16.59%	15.80%
Distributable FCF Yield	7.55%	0.93%	9.74%	-34.79%	3.92%	4.36%	4.82%	5.30%	5.80%
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing-Dividends)	26.01	3.20	33.54	-119.83	13.51	15.01	16.59	18.25	20.00

SN VALUATION

LBO Debt Schedule

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	-85.02	13.51	15.01	16.59	18.25	20.00
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	205.81	205.81	205.81	205.81	205.81	205.81
Current Portion Debt Balance	25.72	25.72	25.72	25.72	25.72	25.72
Long Term Debt Balance	180.09	180.09	180.09	180.09	180.09	180.09
Forward Libor Curve		1.00%	1.00%	1.00%	1.00%	1.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
Interest Rate		5.00%	5.00%	5.00%	5.00%	5.00%
Interest Expense		10.29	10.29	10.29	10.29	10.29
Cash Balance		13.61				
Interest @ 1.0%		0.14	0.14	0.14	0.14	0.14
Net Interest Expense/(Income)		10.15	10.15	10.15	10.15	10.15
Net Interest Rate		5.64%	5.64%	5.64%	5.64%	5.64%
EBITDA		29.70	31.18	32.74	34.38	36.10
EBITDA/Interest Expense Coverage		2.89	3.03	3.18	3.34	3.51

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Audiovox

Ticker:

VOXX

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	231.61	235.40	254.62	224.79	238.30	253.31	269.90	288.15	308.15
Total Assets	449.08	476.51	492.71	839.36	852.06	865.73	880.41	896.16	913.02
X1	0.52	0.49	0.52	0.27	0.28	0.29	0.31	0.32	0.34
Retained Earnings	91.51	114.00	137.03	161.70	174.40	188.07	202.75	218.50	235.36
Total Assets	449.08	476.51	492.71	839.36	852.06	865.73	880.41	896.16	913.02
X2	0.20	0.24	0.28	0.19	0.20	0.22	0.23	0.24	0.26
EBITDA	-53.44	3.77	9.01	43.88	29.70	31.18	32.74	34.38	36.10
Total Assets	449.08	476.51	492.71	839.36	852.06	865.73	880.41	896.16	913.02
X3	-0.12	0.01	0.02	0.05	0.03	0.04	0.04	0.04	0.04
Market Value of Equity	150.46	150.46	150.46	150.46	144.01	137.84	131.94	126.28	120.87
Total Liabilities	120.80	124.71	108.16	417.89	417.89	417.89	417.89	417.89	417.89
X4	1.25	1.21	1.39	0.36	0.34	0.33	0.32	0.30	0.29
Net Sales	603.10	550.70	561.67	707.06	742.41	779.53	818.51	859.44	902.41
Total Assets	449.08	476.51	492.71	839.36	852.06	865.73	880.41	896.16	913.02
X5	1.34	1.16	1.14	0.84	0.87	0.90	0.93	0.96	0.99
Altman Z Score	2.60	2.83	3.04	1.82	1.82	1.87	1.93	1.99	2.06

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

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