

Audiovox Corporation (VOXX)

Price:	\$12.90
Market Cap:	\$297,990,000
Cash:	\$13,610,000
Debt:	\$43,650,000
Net Cash:	-\$30,040,000
Enterprise Value:	\$328,030,000

Price/Book:	0.71
EV/FCF:	-2.74
Net Tang. Asset/Share:	\$13.76
Avg. Year 1-5 FCF/Share:	\$1.03
5 Years of FCF:	\$5.13
Net Tang. Asset+5 FCF:	\$18.89

Net Tang. Asset Yr. 5/Share:	\$19.46
Avg. Year FCF/Share:	\$1.03
Year 5 Disposition FCF Multipl:	3.0
Year 5 Disposition Price:	\$22.54
Gain from Disposition:	\$9.64

Net Tang. Asset+5 FCF+ Gain Disposition:	\$28.53
IRR:	17.20%

Valuation

The market cap is below net tangible assets. FCF is consistently around \$20-\$30 MM/year, or about \$100-\$150MM in 5 years. We add this \$5.13/share of FCF to the \$13.76 net tangible asset value to get to \$18.89.

The money invested in cap ex will build the net tangible asset/share in Year 5 from \$13.76 to \$19.46/share. We will sell with 3 years of FCF/share, to err on the conservative stance in our valuation, to create the \$22.54/share sales price, or a \$9.64 gain.

We add the \$9.64 gain to the \$18.89 net tangible asset and 5 years of FCF, to create a \$28.53 price in 5 year or a 17.20% IRR.

Business Overview

Manufacturer of electronics products/accessories, mainly known for their audio products. Walmart, Bestbuy, large automobile manufacturers are their largest customers. They purchase the products from manufacturers in Asia and resell them under the VOXX name.

John Shalam, chairman, owns 53% of the voting shares. In other words, VOXX is Mr. Shalam's company. He calls the shots.

Revenues have grown 19% annually over the past 5 years, although not consecutively, nor organically. Acquisition driven growth, which may prove to be ineffective with growing goodwill cost and an international subsidiary presence, that may be too broad for management to control.

VOXX is not a highend brand name. The products are commoditized and we are concerned whether the growth, on a stand alone basis, is feasible.

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LBO Analysis

WACC Terminal Value:	N/A	Intrinsic Price in 5 Years:	13.02	Non-LBO Forecast		Non-LBO Forecast	
EV/EBITDA with 3X Multiple Terminal Value:	\$9.24	Market Price:	12.90	Year 1 Target	12.92	Desired Return Rate	20.00%
Net Tangible Asset Terminal Value:	\$10.92	LBO Price:	12.90	Year 2 Target	12.95	Implied Today's Price	5.23
EV/EBITDA with Today's Multiple Terminal Value:	\$13.10	Premium to Market Price:	0.00%	Year 3 Target	12.97	Overvalued/(Undervalued)	146.53%
EVA Enterprise Value:	\$18.83	LBO Price/Intrinsic Price Target:	0.19%	Year 4 Target	13.00		
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	-2.40%	Year 5 Target	13.02		
Average (Excluding Dividend Discount):	\$13.02	Implied IRR at today's EV/EBITDA:	0.30%	Implied IRR (Market Price):	0.19%		
		5 Year Return:	0.93%				

Current Evaluation				Exit Evaluation			
Current Market Price:	12.90	LBO Price:	12.90	Exit Price:	13.02	Exit Price:	13.10
Outstanding Shares:	23,100,000	Outstanding Shares:	23,100,000	Outstanding Shares:	23,100,000	Outstanding Shares:	23,100,000
Market Capitalization:	297,990,000	Market Capitalization:	297,990,000	Market Capitalization:	300,772,463	Market Capitalization:	302,537,677
Available Cash:	13,610,000	Available Cash:	13,610,000	Available Cash:	88,449,527	Available Cash:	88,449,527
Debt:	43,650,000	Debt:	43,650,000	Debt:	8,850,000	Debt:	8,850,000
Net Cash:	-30,040,000	Net Cash:	-30,040,000	Net Cash:	79,599,527	Net Cash:	79,599,527
Enterprise Value:	328,030,000	Enterprise Value:	328,030,000	Enterprise Value:	221,172,936	Enterprise Value:	222,938,150
Original EV/EBITDA:	7.48	EV/EBITDA:	7.48	EV/EBITDA at 5 Years:	4.96	EV/EBITDA at 5 Years:	5.00
Original EV/EBITDA:	6.06	EV/EBITDA:	6.06	EV/EBITDA at 5 Years:	5.55	EV/EBITDA at 5 Years:	4.02
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:	12.90	12.90	12.93	12.95	12.98	13.00	13.02
Shares Outstanding:	23,100,000	23,100,000	23,100,000	23,100,000	23,100,000	23,100,000	23,100,000
Market Capitalization:	297,990,000	298,064,773	298,619,338	299,174,935	299,731,565	300,289,231	300,847,934
Available Cash:	13,610,000	13,610,000	21,789,338	24,981,117	39,079,159	63,567,329	88,449,527
Debt:	43,650,000	43,650,000	38,850,000	18,850,000	8,850,000	8,850,000	8,850,000
Net Cash:	-30,040,000	-30,040,000	-17,060,662	6,131,117	30,229,159	54,717,329	79,599,527
Enterprise Value:	328,030,000	328,104,773	315,680,000	293,043,818	269,502,405	245,571,902	221,248,407
EBIT	43,880,000	43,880,000	42,847,836	43,276,314	43,709,078	44,146,168	44,587,630
EV/EBIT:	7.48	7.48	7.37	6.77	6.17	5.56	4.96
EBITDA	54,170,000	54,170,000	53,240,736	53,773,143	54,310,875	54,853,984	55,402,523
EV/EBITDA:	6.06	6.06	5.93	5.45	4.96	4.48	3.99

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	12.90	12.90	13.13	14.27	15.46	16.66	17.88
Shares Outstanding:	23,100,000	23,100,000	23,100,000	23,100,000	23,100,000	23,100,000	23,100,000
Market Capitalization:	297,990,000	298,064,773	303,326,292	329,721,940	357,055,891	384,812,327	412,995,475
Available Cash:	13,610,000	13,610,000	21,789,338	24,981,117	39,079,159	63,567,329	88,449,527
Debt:	43,650,000	43,650,000	38,850,000	18,850,000	8,850,000	8,850,000	8,850,000
Net Cash:	-30,040,000	-30,040,000	-17,060,662	6,131,117	30,229,159	54,717,329	79,599,527
Enterprise Value:	328,030,000	328,104,773	320,386,953	323,590,823	326,826,731	330,094,998	333,395,948
EBIT	43,880,000	43,880,000	42,847,836	43,276,314	43,709,078	44,146,168	44,587,630
EV/EBIT:	7.48	7.48	7.48	7.48	7.48	7.48	7.48
EBITDA	54,170,000	54,170,000	53,240,736	53,773,143	54,310,875	54,853,984	55,402,523
EV/EBITDA:	6.06	6.06	6.02	6.02	6.02	6.02	6.02

LBO Price	12.90	Equity Partners:	341,640,000	Weighting	100.00%	Annualized Return for Equity Partners: -2.40%
Shares Outstanding	23,100,000	Debt Partners:	0	0.00%		
Market Capitalization	297,990,000	Total Funds for LBO:	341,640,000	100.00%		
Debt	43,650,000					
Cash	13,610,000					
Enterprise Value	328,030,000					
Capital Investment	341,640,000					

Book Value	Enterprise Value	Stock Valuation	Debt Reduction
Beginning Book Value	421.80	Current Market Price	Starting Debt
Year 5 Book Value	562.22	Year 5 Market Price	Debt Repayment
Annualized Return	5.92%	Annualized Return	0.30%
			% of Starting Debt
			0.17%

SN VALUATION

LBO Pro Forma Income Statement

Name:

Audiovox Corporation

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	2011	2012	2013	2014	2015
Revenue	603.10	550.70	561.67	707.06	714.13	721.27	728.48	735.77	743.13
COGS	502.83	443.94	437.74	504.11	514.17	519.32	524.51	529.75	535.05
Gross margin	100.27	106.76	123.93	202.95	199.96	201.96	203.98	206.02	208.08
SG&A	104.38	93.00	101.78	140.50	142.83	144.25	145.70	147.15	148.63
R&D	10.52	9.78	11.93	15.82	14.28	14.48	14.57	14.72	14.86
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	42.85	43.28	43.71	44.15	44.59
Interest income/(expense)	0.42	2.28	2.37	1.26	-2.27	-0.67	0.13	0.13	0.13
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	-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	40.58	42.61	43.84	44.28	44.72
Tax	15.08	-11.33	-10.53	13.24	14.20	14.91	15.34	15.50	15.85
Income after tax	-71.03	22.48	23.03	25.65	26.38	27.69	28.50	28.78	29.07
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	26.38	27.69	28.50	28.78	29.07
* Figures are in millions (\$)									
EPS (based off today's share count)	-\$3.07	\$0.97	\$1.00	\$1.11	\$1.14	\$1.20	\$1.23	\$1.25	\$1.26
P/E (historical today's price; forecasted intrinsic price)	-4.20	13.26	12.94	11.62	11.32	10.80	10.52	10.43	10.35
Revenue Growth	N/A	-8.69%	1.99%	25.89%	1.00%	1.00%	1.00%	1.00%	1.00%
Tax Rate	-26.95%	-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%	-6.51%	-2.22%	1.31%	218.83%	218.83%
Margins									
COGS	83.37%	80.61%	77.94%	71.30%	72.00%	72.00%	72.00%	72.00%	72.00%
Gross margin	16.63%	19.39%	22.06%	28.70%	28.00%	28.00%	28.00%	28.00%	28.00%
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%	2.00%	2.00%	2.00%	2.00%	2.00%
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%	6.00%	6.00%	6.00%	6.00%	6.00%
Interest income/(expense)	0.07%	0.41%	0.42%	0.18%	-0.32%	-0.09%	0.02%	0.02%	0.02%
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%	5.68%	5.91%	6.02%	6.02%	6.02%
Tax	2.50%	-2.06%	-1.87%	1.87%	1.99%	2.07%	2.11%	2.11%	2.11%
Income after tax	-11.78%	4.08%	4.10%	3.63%	3.69%	3.88%	3.99%	4.03%	4.07%
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%	3.69%	3.84%	3.91%	3.91%	3.91%

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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 2012-02-29	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	69.50	69.51	98.63	13.61	13.61			13.61	21.79	24.98	39.08	63.57	88.45
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	13.61			13.61	21.79	24.98	39.08	63.57	88.45
Accounts Receivable	104.90	131.27	108.05	142.59	142.59			142.59	142.59	142.59	142.59	142.59	142.59
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	142.59			142.59	142.59	142.59	142.59	142.59	142.59
Total Inventory	125.30	102.72	113.62	129.51	129.51			129.51	129.51	129.51	129.51	129.51	129.51
Prepaid Expenses	17.97	16.31	9.38	13.55	13.55			13.55	13.55	13.55	13.55	13.55	13.55
Other Current Assets	0.35	0.05	2.77	3.15	3.15			3.15	3.15	3.15	3.15	3.15	3.15
Current Assets	318.02	319.86	332.45	302.41	302.41	0.00	0.00	302.41	310.59	313.78	327.88	352.37	377.25
PP&E, Gross	53.44	60.38	60.00	60.00	60.00			60.00	75.00	90.00	105.00	120.00	135.00
Change in Depreciation		7.69	7.87	10.29	10.29			10.29	10.39	10.50	10.60	10.71	10.81
Accumulated Depreciation	33.54	38.24	40.00	40.00	40.00			40.00	50.39	60.89	71.49	82.20	93.01
PP&E, Net	19.90	22.14	20.00	20.00	20.00			20.00	24.61	29.11	33.51	37.80	41.99
Goodwill	0.00	7.39	7.37	87.37	87.37	0.00		87.37	87.37	87.37	87.37	87.37	87.37
Intangibles	88.52	97.23	99.19	175.35	175.35			175.35	175.35	175.35	175.35	175.35	175.35
Long term investments	20.86	27.16	26.26	28.00	28.00			28.00	28.00	28.00	28.00	28.00	28.00
Other long term assets	1.78	2.73	7.88	4.58	4.58			4.58	4.58	4.58	4.58	4.58	4.58
Long Term Assets	131.06	156.65	160.70	315.30	315.30			315.30	319.91	324.41	328.81	333.10	337.29
Total Assets	449.08	476.51	493.15	617.71	617.71	0.00	0.00	617.71	630.50	638.19	656.69	685.47	714.54
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	5.95			5.95	5.95	5.95	5.95	5.95	5.95
Total Current Liabilities	86.41	84.46	77.83	120.54	120.54	0.00	0.00	120.54	120.54	120.54	120.54	120.54	120.54
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	3.59			3.59	3.59	3.59	3.59	3.59	3.59
Long term Debt	5.90	6.61	2.08	34.86	34.86	0.00	0.00	34.86	30.06	10.06	0.06	0.06	0.06
Capital Lease Obligations	5.53	5.49	5.35	5.20	5.20			5.20	5.20	5.20	5.20	5.20	5.20
Total Interest Earning Debt	14.16	20.18	11.90	43.65	43.65	0.00	0.00	43.65	38.85	18.85	8.85	8.85	8.85
Deferred Income tax	4.66	8.50	4.92	34.22	34.22			34.22	34.22	34.22	34.22	34.22	34.22
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	13.98			13.98	13.98	13.98	13.98	13.98	13.98
Total Liabilities	120.80	124.71	108.16	212.39	212.39	0.00	0.00	212.39	207.59	187.59	177.59	177.59	177.59
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	281.21	0.00	0.00	281.21	281.21	281.21	281.21	281.21	281.21
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	162.68		0.00	162.68	189.06	216.75	245.25	274.03	303.10
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	421.80	0.00	0.00	421.80	448.18	475.87	504.37	533.15	562.22
Liability + Equity	461.29	488.97	501.11	634.19	634.19	0.00	0.00	634.19	655.77	663.46	681.96	710.74	739.81
Variance	-12.21	-12.46	-7.96	-16.48	-16.48			-16.48	-25.27	-25.27	-25.27	-25.27	-25.27
Debt/Equity	0.04	0.06	0.03	0.10	0.10			0.10	0.09	0.04	0.02	0.02	0.02
Inventory Turnover	4.81	5.36	4.94	5.46	5.51			5.46	5.51	5.57	5.62	5.68	5.74
Inventory Turnover Days	75.83	68.08	73.84	66.86	66.19			66.86	66.19	65.54	64.89	64.25	63.61
Days Inventory Outstanding	90.95	84.45	94.74	93.77	91.94			93.77	91.94	91.03	90.12	89.23	88.35
Accounts Receivable Turnover	5.75	4.20	5.20	4.96	5.01			4.96	5.01	5.06	5.11	5.16	5.21
Accounts Receivable Turnover Days	63.49	87.00	70.22	73.61	72.88			73.61	72.88	72.16	71.44	70.74	70.04
Days Payable Outstanding	30.34	29.71	22.80	31.68	31.06			31.68	31.06	30.76	30.45	30.15	29.85
Days Sales Outstanding	63.49	87.00	70.22	73.61	72.88			73.61	73.61	72.88	72.16	71.44	70.74
Cash Conversion Cycle	124.10	141.75	142.16	135.70	133.75			135.70	134.48	133.15	131.83	130.52	129.23
Net tangible assets/share					6.17				6.93	8.13	9.37	10.61	11.87

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	26.38	27.69	28.50	28.78	29.07
Depreciation	7.29	7.69	7.87	10.29	10.39	10.50	10.60	10.71	10.81
Net Income + Depreciation	-63.74	30.17	30.90	35.94	36.77	38.19	39.10	39.49	39.88
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	36.77	38.19	39.10	39.49	39.88
Capital Expenditures Expenditures	-4.61	-5.02	-3.06	-12.36	-15.00	-15.00	-15.00	-15.00	-15.00
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	-15.00	-15.00	-15.00	-15.00	-15.00
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	-	-	-	-	-3.59	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	4.58	-1.32	-5.32	32.45	-10.00	-20.00	-10.00	0.00	0.00
Cash from Financing Activities	4.65	-1.23	-4.38	34.70	-13.59	-20.00	-10.00	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	13.61	21.79	24.98	39.08	63.57
Net Change in Cash	30.16	0.01	29.12	-85.02	8.18	3.19	14.10	24.49	24.88
Ending Cash Balance	69.50	69.51	98.63	13.61	21.79	24.98	39.08	63.57	88.45
Capex to Revenue	0.76%	0.91%	0.54%	1.75%	2.10%	2.08%	2.06%	2.04%	2.02%
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%	19.97%	19.77%	19.57%	19.38%	19.19%
Distributable FCF Yield	7.93%	0.98%	10.22%	-36.53%	6.64%	7.07%	7.35%	7.47%	7.59%
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	21.77	23.19	24.10	24.49	24.88

SN VALUATION

LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	-85.02	8.18	3.19	14.10	24.49	24.88
Current Portion Debt Repayment		3.59				
Long Term Debt Repayment		10.00	20.00	10.00		
Outstanding Debt	43.65	30.06	10.06	0.06	0.06	0.06
Current Portion Debt Balance	3.59	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	40.06	30.06	10.06	0.06	0.06	0.06
Forward Libor Curve		4.00%	4.00%	4.00%	4.00%	4.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
Interest Rate		8.00%	8.00%	8.00%	8.00%	8.00%
Interest Expense		2.40	0.80	0.00	0.00	0.00
Cash Balance		13.61				
Interest @ 1.0%		0.14	0.14	0.14	0.14	0.14
Net Interest Expense/(Income)		2.27	0.67	(0.13)	(0.13)	(0.13)
Net Interest Rate		6.51%	2.22%	-1.31%	-218.83%	-218.83%
EBITDA		42.85	43.28	43.71	44.15	44.59
EBITDA/Interest Expense Coverage		17.82	53.77	9106.06	9197.12	9289.09

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Audiovox Corporation

Ticker:

VOXX

Period	2007	2008	2009	2010	2011	2012	2013	2014	2015
Working Capital	231.61	235.40	254.62	181.87	190.05	193.24	207.34	231.83	256.71
Total Assets	449.08	476.51	493.15	617.71	630.50	638.19	656.69	685.47	714.54
X1	0.52	0.49	0.52	0.29	0.30	0.30	0.32	0.34	0.36
Retained Earnings	91.51	114.00	137.03	162.68	189.06	216.75	245.25	274.03	303.10
Total Assets	449.08	476.51	493.15	617.71	630.50	638.19	656.69	685.47	714.54
X2	0.20	0.24	0.28	0.26	0.30	0.34	0.37	0.40	0.42
EBITDA	-53.44	3.77	9.01	43.88	42.85	43.28	43.71	44.15	44.59
Total Assets	449.08	476.51	493.15	617.71	630.50	638.19	656.69	685.47	714.54
X3	-0.12	0.01	0.02	0.07	0.07	0.07	0.07	0.06	0.06
Market Value of Equity	297.99	297.99	297.99	297.99	298.54	299.10	299.66	300.21	300.77
Total Liabilities	120.80	124.71	108.16	212.39	207.59	187.59	177.59	177.59	177.59
X4	2.47	2.39	2.76	1.40	1.44	1.59	1.69	1.69	1.69
Net Sales	603.10	550.70	561.67	707.06	714.13	721.27	728.48	735.77	743.13
Total Assets	449.08	476.51	493.15	617.71	630.50	638.19	656.69	685.47	714.54
X5	1.34	1.16	1.14	1.14	1.13	1.13	1.11	1.07	1.04
Altman Z Score	3.33	3.54	3.86	2.94	3.00	3.15	3.24	3.27	3.29

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

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