

Ballantyne Strong (BTN)

Price:	\$5.64
Market Cap:	\$80,313,600
Cash:	\$37,290,000
Debt:	\$0
Net Cash:	\$37,290,000
Enterprise Value:	\$43,023,600

Price/Book:	1.26
EV/FCF:	2.49
Net Tang. Asset/Share:	\$4.28
Avg. Year 1-5 FCF/Share:	\$0.45
5 Years of FCF:	\$2.25
Net Tang. Asset+5 FCF:	\$6.53

Net Tang. Asset Yr. 5/Share:	\$7.57
Avg. Year FCF/Share:	\$0.45
Year 5 Disposition FCF Multip	3.0
Year 5 Disposition Price:	\$8.92
Gain from Disposition:	\$3.28

Net Tang. Asset+5 FCF+ Gain Disposition:	\$9.81
IRR:	11.70%

Valuation

Great valuation with \$4.28 of net tangible assets and 3 years of FCF at \$0.45. The combined net assets plus 3 years of FCF is the breakeven point. We predict the company will be operating for at least 5 more years from present, generating \$0.50 in FCF annually, which we add back to the cash balance. So, in Year 5, an extra \$1.00/share of FCF will be accretive to the value, which will generate 18% return from cashflow.

If we sell the company at **Net tangible asset/share Year 5 plus 3 years of FCF** at \$8.92, then we would have gained \$3.28, or 58%, from the appreciation.

Present net tangible asset (\$4.28) + 5 years of FCF (\$2.50) + gain from disposition in Year 5 (\$3.28) would yield \$9.81, or 74% gain, or 12% IRR.

We don't want to assume any multiple expansion. No, we want purely dollar for dollar assumptions and any alpha generated from multiple expansion is extra gravy.

Business Overview

The switchover from analog to digital equipment in the theatre/cinema space is the overarching theme in this business. Different standards have yet to be consolidated to create an industry standard, similar to the DVDs/BluRay space. BTN's revenues have grown rapidly during this limbo period.

Error

Company Name:	Ballantyne Strong	Market Capitalization:	\$80,313,600.00	Revenue:	\$196,580,000.00	100.0%
Ticker Symbol:	BTN	Total Debt:	\$0.00	Cost of Goods Sold:	\$166,370,000.00	84.6%
Last Price:	\$5.64	Total Cash:	\$37,290,000.00	Gross Profit:	\$30,210,000.00	15.4%
Net Cash/Share:	\$2.62	Net Cash/(Debt):	\$37,290,000.00	EBITDA:	\$18,410,000.00	9.4%
Net Cash to Last Price:	46.43%	Enterprise Value:	\$43,023,600.00	Net Income:	\$11,280,000.00	5.7%
Shares Outstanding:	14,240,000	Current EV/Share:	\$3.02			
Industry:	Leisure	EBITDA:	\$16,940,000.00			
Sector:	Consumer Cyclical	EV/EBITDA Multiple:	2.54	Income Statement		
Institutional Ownership:	#VALUE!	EV/EBITDA Multiple Average Year 1-5:	2.86	Balance Sheet		
Mutual Fund Ownership:	#VALUE!	EV/FCF Multiple:	2.49	Cash:	\$39,890,000.00	
Insider Ownership:	#VALUE!	EV/FCF Multiple Average Year 1-5:	6.73	Short Term Investment:	\$0.00	
Retail Ownership:	#VALUE!			A/R:	\$30,020,000.00	
Float:	#VALUE!			PP&E:	\$9,000,000.00	
		Upper Range		Assets:	\$107,180,000.00	
		DCF: EV/EBITDA Terminal Value		A/P:	\$31,740,000.00	
				Deferred Tax:	\$0.00	
		Implied TV from 3 X EV/EBITDA Multiple	\$49,430,767.80	Other Liabilities:	\$14,430,000.00	
				Short term Debt:	\$0.00	
		Enterprise Value	\$49,430,767.80	Long Term Debt:	\$0.00	
		Cash at Year 5:	\$69,267,148.07	Liabilities:	\$46,170,000.00	
		Debt at Year 5:	\$0.00	Retained Earnings:	\$43,810,000.00	
		Equity Value Year 5:	\$118,697,915.87	Paid-In Capital:	\$37,620,000.00	
		Equity/Share at Year 5:	\$8.34	Treasury Stock:	-\$18,150,000.00	
		Annualized Return:	8.13%	Stockholder's Equity:	\$63,540,000.00	
		Lower Range		Cash Flow		
		DCF: Net Tangible Asset excluding Cash/Debt Terminal Value		Net Income:	10,350,000.00	
				Depreciation/Amortization:	1,760,000.00	
		Year 5 Net Tangible Assets excluding cash and debt	\$19,790,000.00	Change in Working capital:	8,470,000.00	
				Cash from Operating Activities:	20,050,000.00	
		Enterprise Value	\$19,790,000.00	Capital Expenditures:	-2,890,000.00	
		Cash at Year 5:	\$69,267,148.07	Cash from Investing Activities:	-2,800,000.00	
		Debt at Year 5:	\$0.00	Total Cash Dividends Paid:	0.00	
		Equity Value Year 5:	\$89,057,148.07	Issuance (Retirement) of Stock:	200,000.00	
		Equity/Share at Year 5:	\$6.25	Issuance (Retirement) of Debt:	0.00	
		Annualized Return:	2.09%	Cash from Financing Activities:	560,000.00	
		EVA		Profitability Margins		
		EVA today:	\$66,983,070.12	Debt to Equity:	0.00%	
		EVA in 5 Years:	\$76,936,900.20	Return on Assets:	9.66%	
		EVA/Share:	\$5.40	Return on Capital:	16.29%	
		Cash at Year 5:	\$69,267,148.07	Return on Equity:	16.29%	
		Debt at Year 5:	\$0.00			
		Equity Value Year 5:	\$146,204,048.27			
		Equity/Share at Year 5:	\$10.27			
		Annualized return	2.81%			
		Current Net Tangible Asset				
		Net Tangible Asset/Share:	\$4.28			
		Net Tangible Asset/Share in Year 5:	\$7.57			
		Annualized return	12.05%			
		Current Equity Price:	\$5.64			
		Selling at Discount?	Premium			
		Appreciation Potential:	-24.04%			
		Dividend Model				
		Next Year Dividend	\$0.00			
		WACC:	11.00%			
		Dividend:	\$0.00			
		Net Income:	\$11,280,000.00			
Company Name:	Ballantyne Strong					
Ticker Symbol:	BTN					
Last Price:	\$5.64					
Net Cash/Share:	\$2.62					
Net Cash to Last Price:	46.43%					
Shares Outstanding:	14,240,000					
Industry:	Leisure					
Sector:	Consumer Cyclical					
Institutional Ownership:	#VALUE!					
Mutual Fund Ownership:	#VALUE!					
Insider Ownership:	#VALUE!					
Retail Ownership:	#VALUE!					
Float:	#VALUE!					
		Technicals				
52 week low:	Error	Implied TV from 3 X EV/EBITDA Multiple	\$49,430,767.80			
Today from 52 week low:	#VALUE!	Enterprise Value	\$49,430,767.80			
52 week high:	Error	Cash at Year 5:	\$69,267,148.07			
Today from 52 week high:	#VALUE!	Debt at Year 5:	\$0.00			
50 day Moving Average:	Error	Equity Value Year 5:	\$118,697,915.87			
200 day Moving Average:	Error	Equity/Share at Year 5:	\$8.34			
		Annualized Return:	8.13%			
		Analyst/Consensus				
Analyst Sales Growth FY1:	N/A					
Analyst Sales Growth FY2:	-22.30%					
SN Valuation Estimate FY1:	5.00%					
SN Valuation Estimate FY2:	5.00%					
Analyst Earnings Estimate FY1:	\$0.71					
Analyst Earnings Estimate FY2:	\$0.75					
SN Valuation Earnings Est. FY1:	\$0.55					
SN Valuation Earnings Est. FY2:	\$0.58					
		Multiples				
Market Value to Book:	1.26					
EV to Book:	0.68					
Market Value to Tangible Net Assets:	4.06					
P/E Ratio:	7.12					
Trailing P/E Ratio:	7.49					
Forward P/E Ratio:	7.69					
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:	2.54					
Average EV to EBIT:	N/A					
Company EV to EBITA:	2.83					

SN VALUATION

LBO Analysis

WACC Terminal Value:	N/A	Intrinsic Price in 5 Years:	8.88	Non-LBO Forecast	Non-LBO Forecast	Desired Return Rate	20.00%
EV/EBITDA with 3X Multiple Terminal Value:	\$8.34	Market Price:	5.64	Year 1 Target	6.18	Implied Today's Price	3.57
Net Tangible Asset Terminal Value:	\$6.25	LBO Price:	5.64	Year 2 Target	6.76	Overvalued/(Undervalued)	58.10%
EV/EBITDA with Today's Multiple Terminal Value:	\$10.65	Premium to Market Price:	0.00%	Year 3 Target	7.40		
EVA Enterprise Value:	\$10.27	LBO Price/Intrinsic Price Target:	9.49%	Year 4 Target	8.11		
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	13.56%	Year 5 Target	8.88		
Average (Excluding Dividend Discount):	\$8.88	Implied IRR at today's EV/EBITDA:	13.56%	Implied IRR (Market Price):	9.49%		
		5 Year Return:	57.39%				

Current Evaluation				Exit Evaluation			
Current Market Price:	5.64	LBO Price:	5.64	Exit Price:	8.88	Exit Price:	10.65
Outstanding Shares:	14,240,000	Outstanding Shares:	14,240,000	Outstanding Shares:	14,240,000	Outstanding Shares:	14,240,000
Market Capitalization:	80,313,600	Market Capitalization:	80,313,600	Market Capitalization:	126,402,718	Market Capitalization:	151,651,761
Available Cash:	37,290,000	Available Cash:	37,290,000	Available Cash:	69,267,148	Available Cash:	69,267,148
Debt:	0	Debt:	0	Debt:	0	Debt:	0
Net Cash:	37,290,000	Net Cash:	37,290,000	Net Cash:	69,267,148	Net Cash:	69,267,148
Enterprise Value:	43,023,600	Enterprise Value:	43,023,600	Enterprise Value:	57,135,570	Enterprise Value:	82,384,613
Original EV/EBITDA:	2.83	EV/EBITDA:	2.83	EV/EBITDA at 5 Years:	3.95	EV/EBITDA at 5 Years:	5.00
Original EV/EBITDA:	2.54	EV/EBITDA:	2.54	EV/EBITDA at 5 Years:	4.80	EV/EBITDA at 5 Years:	4.93
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:	5.64	5.64	6.18	6.76	7.40	8.11	8.88
Shares Outstanding:	14,240,000	14,240,000	14,240,000	14,240,000	14,240,000	14,240,000	14,240,000
Market Capitalization:	80,313,600	80,313,600	87,939,209	96,288,855	105,431,282	115,441,763	126,402,718
Available Cash:	37,290,000	37,290,000	42,700,509	48,501,971	54,770,276	61,623,557	69,267,148
Debt:	0	0	0	0	0	0	0
Net Cash:	37,290,000	37,290,000	42,700,509	48,501,971	54,770,276	61,623,557	69,267,148
Enterprise Value:	43,023,600	43,023,600	45,238,701	47,786,883	50,661,006	53,818,206	57,135,570
EBIT	15,180,000	15,180,000	11,555,605	12,233,385	12,945,055	13,692,307	14,476,923
EV/EBIT:	2.83	2.83	3.91	3.91	3.91	3.93	3.95
EBITDA	16,940,000	16,940,000	13,403,605	14,173,785	14,982,475	15,831,598	16,723,178
EV/EBITDA:	2.54	2.54	3.38	3.37	3.38	3.40	3.42

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	5.64	5.64	5.30	5.84	6.42	7.05	7.75
Shares Outstanding:	14,240,000	14,240,000	14,240,000	14,240,000	14,240,000	14,240,000	14,240,000
Market Capitalization:	80,313,600	80,313,600	75,451,743	83,174,190	91,459,528	100,430,695	110,298,066
Available Cash:	37,290,000	37,290,000	42,700,509	48,501,971	54,770,276	61,623,557	69,267,148
Debt:	0	0	0	0	0	0	0
Net Cash:	37,290,000	37,290,000	42,700,509	48,501,971	54,770,276	61,623,557	69,267,148
Enterprise Value:	43,023,600	43,023,600	32,751,234	34,672,218	36,689,252	38,807,138	41,030,917
EBIT	15,180,000	15,180,000	11,555,605	12,233,385	12,945,055	13,692,307	14,476,923
EV/EBIT:	2.83	2.83	2.83	2.83	2.83	2.83	2.83
EBITDA	16,940,000	16,940,000	13,403,605	14,173,785	14,982,475	15,831,598	16,723,178
EV/EBITDA:	2.54	2.54	2.44	2.45	2.45	2.45	2.45

LBO Price	5.64	Equity Partners:	80,313,600	Weighting	100.00%	Annualized Return for Equity Partners:	13.56%
Shares Outstanding	14,240,000	Debt Partners:	0		0.00%		
Market Capitalization	80,313,600	Total Funds for LBO:	80,313,600		100.00%		
Debt	0						
Cash	37,290,000						
Enterprise Value	43,023,600						
Capital Investment	80,313,600						

Book Value		Enterprise Value		Stock Valuation		Debt Reduction	
Beginning Book Value	63.54	Beginning Enterprise Value	43.02	Current Market Price	\$5.64	Starting Debt	0.00
Year 5 Book Value	107.02	Year 5 Enterprise Value	82.38	Year 5 Market Price	\$10.65	Debt Repayment	0.00
Annualized Return	10.99%	Annualized Return	13.87%	Annualized Return	13.56%	Year 5 Ending Debt	0.00
						% of Starting Debt	#DIV/0!

SN VALUATION

LBO Pro Forma Income Statement

Name:

Ballantyne Strong

Ticker:

BTN

	Historical				Forecasted				
	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	2011	2012	2013	2014	2015
Revenue	54.81	72.15	136.33	184.43	193.65	203.33	213.50	224.18	235.38
COGS	46.02	57.41	111.60	154.22	162.67	170.80	179.34	188.31	197.72
Gross margin	8.79	14.74	24.73	30.21	30.98	32.53	34.16	35.87	37.66
SG&A	11.92	11.06	12.89	15.04	17.43	18.30	19.22	20.18	21.18
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	2.04	0.02	-0.15	-0.01	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					2.00	2.00	2.00	2.00	2.00
Operating Income (EBITA)	-4.07	3.66	11.99	15.18	11.56	12.23	12.95	13.69	14.48
Interest income/(expense)	-0.21	-0.83	0.55	-0.19	0.40	0.40	0.40	0.40	0.40
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	0.32	-0.07	-0.16	0.07	0.00	0.00	0.00	0.00	0.00
Income before tax	-3.95	2.75	12.39	15.06	11.95	12.63	13.34	14.09	14.88
Tax	-0.92	0.68	3.96	4.71	4.18	4.42	4.67	4.93	5.21
Income after tax	-3.03	2.07	8.43	10.35	7.77	8.21	8.67	9.16	9.67
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	-3.03	2.07	8.43	10.35	7.77	8.21	8.67	9.16	9.67
*Figures are in millions (\$)									
EPS (based off today's share count)	-\$0.21	\$0.15	\$0.59	\$0.73	\$0.55	\$0.58	\$0.61	\$0.64	\$0.68
P/E (historical today's price; forecasted intrinsic price)	-26.51	38.80	9.53	7.76	11.32	11.73	12.16	12.60	13.07
Revenue Growth	N/A	31.64%	88.95%	35.28%	5.00%	5.00%	5.00%	5.00%	5.00%
Tax Rate	23.29%	24.73%	31.96%	31.27%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Margins									
COGS	83.96%	79.57%	81.86%	83.62%	84.00%	84.00%	84.00%	84.00%	84.00%
Gross margin	16.04%	20.43%	18.14%	16.38%	16.00%	16.00%	16.00%	16.00%	16.00%
SG&A	19.74%	15.33%	9.45%	8.15%	9.00%	9.00%	9.00%	9.00%	9.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	3.72%	0.03%	-0.11%	-0.01%	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%	1.03%	0.98%	0.94%	0.89%	0.85%
Operating Income (EBITA)	-7.43%	5.07%	8.79%	8.23%	5.97%	6.02%	6.06%	6.11%	6.15%
Interest income/(expense)	-0.38%	-1.15%	0.40%	-0.10%	0.21%	0.20%	0.19%	0.18%	0.17%
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	0.58%	-0.10%	-0.12%	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	-7.21%	3.81%	9.09%	8.17%	6.17%	6.21%	6.25%	6.29%	6.32%
Tax	-1.68%	0.94%	2.90%	2.55%	2.16%	2.17%	2.19%	2.20%	2.21%
Income after tax	-5.53%	2.87%	6.18%	5.61%	4.01%	4.24%	4.48%	4.73%	4.99%
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	-5.53%	2.87%	6.18%	5.61%	4.01%	4.04%	4.06%	4.09%	4.11%

SN VALUATION

LBO Adjusted Proforma Balance Sheet

	As of 2008-12-31	As of 2009-12-31	As of 2010-12-31	As of 2011-12-31	As of 2012-03-31	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	11.42	23.59	22.25	39.89	39.89			37.29	42.70	48.50	54.77	61.62	69.27
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	11.42	23.59	22.25	39.89	37.29			37.29	42.70	48.50	54.77	61.62	69.27
Accounts Receivable	7.04	10.77	23.44	33.16	30.02			30.02	30.02	30.02	30.02	30.02	30.02
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	7.04	10.77	23.44	33.16	30.02			30.02	30.02	30.02	30.02	30.02	30.02
Total Inventory	10.00	13.47	28.60	14.92	17.81			17.81	17.81	17.81	17.81	17.81	17.81
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets	3.19	3.05	5.12	7.65	8.56			8.56	8.56	8.56	8.56	8.56	8.56
Current Assets	31.65	50.88	79.41	95.62	93.68	0.00	0.00	93.68	99.09	104.89	111.16	118.01	125.66
PP&E, Gross	11.42	12.42	15.00	18.00	18.00			18.00	23.00	28.00	33.00	38.00	43.00
Change in Depreciation		0.84	0.88	1.76	1.76			1.76	1.85	1.94	2.04	2.14	2.25
Accumulated Depreciation	7.97	8.81	9.00	9.00	9.00			9.00	10.85	12.79	14.83	16.97	19.21
PP&E, Net	3.45	3.61	6.00	9.00	9.00			9.00	12.15	15.21	18.17	21.03	23.79
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	0.00
Intangibles	1.37	1.10	0.70	0.26	0.00	0.00	0.00	0.00	-0.79	-1.44	-2.00	-2.55	-3.28
Long term investments	12.02	2.22	2.07	1.85	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43
Other long term assets	1.49	0.54	0.10	3.44	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07	4.07
Long Term Assets	18.33	7.47	8.87	14.55	13.50			13.50	15.86	18.27	20.67	22.98	25.01
Total Assets	49.98	58.35	88.28	110.17	107.18	0.00	0.00	107.18	114.95	123.16	131.83	140.99	150.66
Accounts Payable	6.47	9.77	30.75	31.92	31.74			31.74	31.74	31.74	31.74	31.74	31.74
Accrued Expense	2.13	3.62	3.89	4.82	3.82			3.82	3.82	3.82	3.82	3.82	3.82
Other current Liabilities	2.36	3.54	4.37	9.17	6.27			6.27	6.27	6.27	6.27	6.27	6.27
Total Current Liabilities	10.96	16.93	39.01	45.91	41.83	0.00	0.00	41.83	41.83	41.83	41.83	41.83	41.83
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	0.00	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	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	0.00	0.00
Total Interest Earning 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	0.00
Deferred Income tax	0.31	0.27	0.27	0.40	0.00			0.00	0.00	0.00	0.00	0.00	0.00
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	1.01	0.48	0.38	3.92	4.34			4.34	4.34	4.34	4.34	4.34	4.34
Total Liabilities	12.28	17.68	39.66	50.23	46.17	0.00	0.00	46.17	46.17	46.17	46.17	46.17	46.17
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	0.16	0.16	0.16	0.17	0.17		0.00	0.17	0.17	0.17	0.17	0.17	0.17
Additional Paid-in capital	35.09	35.33	36.24	37.23	37.45	0.00	0.00	37.45	37.45	37.45	37.45	37.45	37.45
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	20.51	22.58	31.01	41.36	43.81		0.00	43.81	51.58	59.79	68.46	77.62	87.29
Treasury Stock	-15.38	-15.38	-15.38	-15.48	-18.15			-18.15	-18.15	-18.15	-18.15	-18.15	-18.15
Other Equity	-0.80	-0.18	0.34	-0.06	0.26		0.00	0.26	0.26	0.26	0.26	0.26	0.26
Total Equity	39.58	42.51	52.37	63.22	63.54	0.00	0.00	63.54	71.31	79.52	88.19	97.35	107.02
Liability + Equity	51.86	60.19	92.03	113.45	109.71	0.00	0.00	109.71	117.48	125.69	134.36	143.52	153.19
Variance	-1.88	-1.84	-3.75	-3.28	-2.53			-2.53	-2.53	-2.53	-2.53	-2.53	-2.53
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	5.48	5.36	4.77	12.36	10.87			10.36	10.87	11.42	11.99	12.59	13.22
Inventory Turnover Days	66.59	68.14	76.57	29.53	33.57			35.25	33.57	31.97	30.45	29.00	27.62
Days Inventory Outstanding	79.31	85.64	93.54	35.31	39.96			42.15	39.96	38.06	36.25	34.52	32.88
Accounts Receivable Turnover	7.79	6.70	5.82	5.56	6.45			6.14	6.45	6.77	7.11	7.47	7.84
Accounts Receivable Turnover Days	46.88	54.48	62.76	65.63	56.58			59.41	56.58	53.89	51.32	48.88	46.55
Days Payable Outstanding	51.32	62.12	100.57	75.55	71.22			75.12	71.22	67.83	64.60	61.52	58.59
Days Sales Outstanding	46.88	54.48	62.76	65.63	56.58			65.63	59.41	56.58	53.89	51.32	48.88
Cash Conversion Cycle	74.88	78.01	55.72	25.39	25.33			32.66	28.15	26.81	25.54	24.32	23.16
Net tangible assets/share					4.28				4.89	5.51	6.16	6.84	7.57

SN VALUATION

LBO Adjusted Proforma Cash Flow

	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	2011	2012	2013	2014	2015
Net Income	-3.03	2.07	8.43	10.35	7.77	8.21	8.67	9.16	9.67
Depreciation	0.92	0.84	0.88	1.76	1.85	1.94	2.04	2.14	2.25
Net Income + Depreciation	-2.11	2.91	9.31	12.11	9.62	10.15	10.71	11.30	11.92
Amortization	0.42	0.40	0.43	0.00	0.79	0.65	0.56	0.55	0.73
Deferred Taxes	-1.22	0.71	0.24	-1.21	0.00	0.00	0.00	0.00	0.00
Non Cash Items	5.19	2.36	1.14	0.69	0.00	0.00	0.00	0.00	0.00
Change in Working capital	2.08	-4.01	-7.49	8.47	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-3.73	-12.67	-9.72	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	-3.47	-15.13	13.68	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	3.30	20.98	1.17	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	4.36	2.37	3.63	20.06	10.41	10.80	11.27	11.85	12.64
Capital Expenditures Expenditures	-0.82	-0.91	-6.81	-2.89	-5.00	-5.00	-5.00	-5.00	-5.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	3.63	10.29	1.15	0.09	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	2.81	9.38	-5.66	-2.80	-5.00	-5.00	-5.00	-5.00	-5.00
Financing Cash flow items	0.20	0.00	0.16	0.36	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	0.06	0.03	0.40	0.20	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	0.26	0.03	0.56	0.56	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	-0.22	0.39	0.13	-0.18	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	4.22	11.42	23.59	22.25	37.29	42.70	48.50	54.77	61.62
Net Change in Cash	7.20	12.16	-1.34	17.64	5.41	5.80	6.27	6.85	7.64
Ending Cash Balance	11.42	23.59	22.25	39.89	42.70	48.50	54.77	61.62	69.27
Capex to Revenue	1.50%	1.26%	5.00%	1.57%	2.58%	2.46%	2.34%	2.23%	2.12%
Depreciation to Sales	1.68%	1.16%	0.65%	0.95%	0.95%	0.95%	0.95%	0.95%	0.95%
Amortization to Sales	0.77%	0.55%	0.32%	0.00%	0.41%	0.32%	0.26%	0.25%	0.31%
A/R to Sales	12.84%	14.93%	17.19%	17.98%	17.12%	16.31%	15.53%	14.79%	14.09%
Distributable FCF Yield	16.67%	27.31%	-4.72%	40.12%	12.58%	13.48%	14.57%	15.93%	17.77%
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing-Dividends)	7.17	11.75	-2.03	17.26	5.41	5.80	6.27	6.85	7.64

SN VALUATION

LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	17.64	5.41	5.80	6.27	6.85	7.64
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		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		0.00	0.00	0.00	0.00	0.00
Cash Balance		39.89				
Interest @ 1.0%		0.40	0.40	0.40	0.40	0.40
Net Interest Expense/(Income)		(0.40)	(0.40)	(0.40)	(0.40)	(0.40)
Net Interest Rate		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
EBITDA		11.56	12.23	12.95	13.69	14.48
EBITDA/Interest Expense Coverage		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Interest Rate Coverage Table

Debt Rating	2011	2012	2013	2014	2015
AAA	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
AA	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
A+	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
A	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
A-	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
BBB	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
BB+	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
BB	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
B+	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
B	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
B-	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
CCC	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
CC	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
C	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
D	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Ballantyne Strong

Ticker:

BTN

Period	2007	2008	2009	2010	2011	2012	2013	2014	2015
Working Capital	20.69	33.95	40.40	51.85	57.26	63.06	69.33	76.18	83.83
Total Assets	49.98	58.35	88.28	107.18	114.95	123.16	131.83	140.99	150.66
X1	0.41	0.58	0.46	0.48	0.50	0.51	0.53	0.54	0.56
Retained Earnings	20.51	22.58	31.01	43.81	51.58	59.79	68.46	77.62	87.29
Total Assets	49.98	58.35	88.28	107.18	114.95	123.16	131.83	140.99	150.66
X2	0.41	0.39	0.35	0.41	0.45	0.49	0.52	0.55	0.58
EBITDA	-4.07	3.66	11.99	15.18	13.56	14.23	14.95	15.69	16.48
Total Assets	49.98	58.35	88.28	107.18	114.95	123.16	131.83	140.99	150.66
X3	-0.08	0.06	0.14	0.14	0.12	0.12	0.11	0.11	0.11
Market Value of Equity	80.31	80.31	80.31	80.31	87.94	96.29	105.43	115.44	126.40
Total Liabilities	12.28	17.68	39.66	46.17	46.17	46.17	46.17	46.17	46.17
X4	6.54	4.54	2.03	1.74	1.90	2.09	2.28	2.50	2.74
Net Sales	54.81	72.15	136.33	184.43	193.65	203.33	213.50	224.18	235.38
Total Assets	49.98	58.35	88.28	107.18	114.95	123.16	131.83	140.99	150.66
X5	1.10	1.24	1.54	1.72	1.68	1.65	1.62	1.59	1.56
Altman Z Score	5.82	5.41	4.25	4.38	4.44	4.58	4.72	4.88	5.04

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

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

SN VALUATION

Economic Indicators

Indicators	Period	Value	Previous Value	Chg %	Released
Adjusted National Financial Conditions Index	May 4 2012	-0.4598	-0.46	-0.52%	Error
Case-Shiller Home Price Index: National	Dec 2011	125.67	127.90	-1.74%	-0.0401
Philly Fed Manufacturing Activity Index	Apr 2012	8.5	12.50	-32.00%	-0.4371
Philly Fed Manufacturing Future Activity Index	Apr 2012	33.8	32.90	2.74%	0.0432
US Average Claims for Unemployment Insurance	Apr 28 2012	3290	3300.561798	-0.32%	-0.1121
US Average Initial Claims for Unemployment Insurance	May 5 2012	379.00K	N/A	-1.37%	-0.1232
US Industrial Production Index	Feb 2012	96.21	96.18	0.03%	0.0424
US Initial Claims for Unemployment Insurance	May 5 2012	367.00K	N/A	-0.27%	-0.2322
US Producer Price Index	Apr 2012	193.8	194.21	-0.21%	0.0189
US Quits Rate: Total Nonfarm	Mar 2012	0.016	0.016	0.00%	0.0667
US Quits: Total Nonfarm	Mar 2012	2147	2071.99	3.62%	0.0849
US Retail Sales	Mar 2012	367770000	364,706,466	0.84%	0.0647
US Total Business Inventories	Feb 2012	1.578T	N/A	0.62%	0.0758
US Total Business Inventory/Sales Ratio	Feb 2012	1.28	1.28	0.00%	0
US Total Business Sales	Feb 2012	1.237T	N/A	0.72%	0.076
US Total Separations Rate: Total Nonfarm	Mar 2012	0.031	0.031	0.00%	0.0333
US Total Separations: Total Nonfarm	Mar 2012	4153	4124.13	0.70%	0.0414

Source: Ycharts.com

2012-05-14