

**Ballantyne Strong Inc (BTN)**

<b>Price:</b>	\$5.07	<b>Price/Book:</b>	1.20	<b>EV/EBITDA 5x TV:</b>	\$5.10
<b>Market Cap:</b>	\$73,464,302	<b>Price/Earnings:</b>	6.64	<b>Net Tangible Asset TV:</b>	\$4.12
<b>Cash:</b>	\$22,440,000	<b>EV/EBITA:</b>	3.84	<b>SN Defined TV:</b>	\$6.84
<b>Debt:</b>	\$0	<b>EV/FCF:</b>	-25.14	<b>Economic Value Added:</b>	\$6.77
<b>Net Cash:</b>	\$22,440,000	<b>Net Tang. Asset/Share:</b>	\$3.72	<b>Year 5 Target:</b>	\$5.71
<b>Enterprise Value:</b>	\$51,024,302	<b>Avg. Year 1-5 FCF/Share:</b>	\$0.19	<b>Appreciation:</b>	12.563%

Theatre(97% rev) and lighting (3%; Strong® brandname)for film sets. 107k theater screens worldwide, 39k screens in US.

Theatre

a) Digital - distributor of NEC's DLP cinema projectors, and GDC Technology servers; Manufacture cinema screens, distribute xenon lamps

b) Competition-Sony, with 4k digital technology and agreements with Regal/ AMC. TI, the license owner of the 2k technology, which NEC distributes via BTN, has developed their own 4k digital technology and released in 2011. Other distributors of 2k tech is Christie Digital and Barco.

The company should sell their \$3MM rev lighting business. BTN should pursue more digital equipment based options, keep their manufacturing base as they don't want to rely solely on distributor agreements.

**Dividend?**

Dividend yield is 0.00%.

**Price to Book**

Price to book is 1.20. Price to book excluding intangibles is 1.36.

**Cashflow Generation**

Cashflows are \$9.0 MM from operating cashflow.

Capex is \$7 MM, minority interest payment is \$0 MM, intangibles are \$0 MM and dividend is \$0 MM.

Free cash flow is about \$2 MM.

12.2% EBITA margin and FCF yield is 9.1%.

The company has \$22 MM in cash/short term investment and \$0 MM in debt.

We are projecting a \$0.0 MM paydown annually.

**Profitability**

ROA is 7.7%, and ROC is 13.8%.

**Bankruptcy Risk**

Altman Z is at 3.42.

**LBO?**

We don't believe a 60% debt/40% equity would be sustainable.

**Price**

Ballantyne Strong, Inc. (Ballantyne), formerly Ballantyne of Omaha, Inc., is a manufacturer, distributor and service provider to the theatre exhibition industry on a worldwide basis. Through the Company's Strong trademark, it can outfit and automate a theatre projection booth and digital projection. The Company also designs, develops, manufactures and distributes lighting systems to the worldwide entertainment lighting industry through its Strong Entertainment lighting division. It also manufactures cinema screens in Joliette, Canada through its Strong/MDI Screens, Inc. subsidiary. It primarily operates within two business segments: theatre and lighting.

<b>Company Name:</b>	<b>Ballantyne Strong Inc</b>	Market Capitalization:	\$73,464,302.49	Revenue:	\$178,220,000.00	100.0%
Ticker Symbol:	BTN	Total Debt:	\$0.00	Cost of Goods Sold:	\$153,480,000.00	86.1%
<b>Last Price:</b>	<b>\$5.07</b>	Total Cash:	\$22,440,000.00	Gross Profit:	\$24,740,000.00	13.9%
Net Cash/Share:	\$1.55	Net Cash/(Debt):	\$22,440,000.00	EBITDA:	\$17,890,000.00	10.0%
Net Cash to Last Price:	30.55%	Enterprise Value:	\$51,024,302.49	Net Income:	\$11,070,000.00	6.2%
Shares Outstanding:	14,490,000	Current EV/Share:	\$3.52			
Industry:	Leisure	EBITDA:	\$13,300,000.00			
Sector:	Consumer Cyclical	EV/EBITDA Multiple:	3.84	<b>Balance Sheet</b>		
		EV/EBITDA Multiple Average Year 1-5:	3.96	Cash:	\$22,440,000.00	
Institutional Ownership:	33.15%	EV/FCF Multiple:	-25.14	Short Term Investment:	\$0.00	
Mutual Fund Ownership:	1.05%	EV/FCF Multiple Average Year 1-5:	18.87	A/R:	\$53,840,000.00	
Insider Ownership:	3.31%			PP&E:	\$4,000,000.00	
Retail Ownership:	59.19%			Assets:	\$109,610,000.00	
Float:	96.70%			A/P:	\$40,550,000.00	
		<b>Upper Range</b>		Deferred Tax:	\$0.00	
		<b>DCF: EV/EBITDA Terminal Value</b>		Other Liabilities:	\$15,160,000.00	
				Short term Debt:	\$0.00	
		Implied TV from 3 X EV/EBITDA Multiple	\$37,930,520.29	Long Term Debt:	\$0.00	
				Liabilities:	\$55,710,000.00	
		Enterprise Value	\$37,930,520.29	Retained Earnings:	\$39,750,000.00	
		Cash at Year 5:	\$35,962,064.38	Paid-In Capital:	\$37,320,000.00	
		Debt at Year 5:	\$0.00	Treasury Stock:	-\$15,480,000.00	
		Equity Value Year 5:	\$73,892,584.67	Stockholder's Equity:	\$61,080,000.00	
		<b>Equity/Share at Year 5:</b>	<b>\$5.10</b>			
		Annualized Return:	0.12%			
		<b>Lower Range</b>		<b>Cash Flow</b>		
		<b>DCF: Net Tangible Asset excluding Cash/Debt Terminal Value</b>		Net Income:	8,430,000.00	
				Depreciation/Amortization:	1,310,000.00	
		Year 5 Net Tangible Assets excluding cash and debt	\$23,670,000.00	Change in Working capital:	-7,490,000.00	
				Cash from Operating Activities:	3,640,000.00	
		Enterprise Value	\$23,670,000.00	Capital Expenditures:	-6,810,000.00	
		Cash at Year 5:	\$35,962,064.38	Cash from Investing Activities:	-5,660,000.00	
		Debt at Year 5:	\$0.00	Total Cash Dividends Paid:	0.00	
		Equity Value Year 5:	\$59,632,064.38	Issuance (Retirement) of Stock:	400,000.00	
		<b>Equity/Share at Year 5:</b>	<b>\$4.12</b>	Issuance (Retirement) of Debt:	0.00	
		Annualized Return:	-4.09%	Cash from Financing Activities:	550,000.00	
		<b>EVA</b>				
		EVA today:	\$61,511,225.04	<b>Profitability Margins</b>		
		EVA in 5 Years:	\$62,109,200.38	Debt to Equity:	0.00%	
		EVA/Share:	\$4.29	Return on Assets:	7.69%	
		Cash at Year 5:	\$35,962,064.38	Return on Capital:	13.80%	
		Debt at Year 5:	\$0.00	Return on Equity:	13.80%	
		Equity Value Year 5:	\$98,071,264.76			
		<b>Equity/Share at Year 5:</b>	<b>\$6.77</b>			
		Annualized return	0.19%			
		<b>Current Net Tangible Asset</b>				
		<b>Net Tangible Asset/Share:</b>	<b>\$3.72</b>			
		<b>Net Tangible Asset/Share in Year 5:</b>	<b>\$6.74</b>			
		Annualized return	12.61%			
		Current Equity Price:	\$5.07			
		Selling at Discount?	Premium			
		Appreciation Potential:	-26.63%			
		<b>Dividend Model</b>				
		<b>Next Year Dividend</b>	<b>\$0.00</b>			
		<b>WACC:</b>	<b>12.65%</b>			
		Dividend:	\$0.00			
		Net Income:	\$11,070,000.00			

**Technicals**

52 week low:	\$2.56
Today from 52 week low:	98.05%
52 week high:	\$7.39
Today from 52 week high:	45.76%
50 day Moving Average:	\$4.30
200 day Moving Average:	\$4.15

**Analyst/Consensus**

Analyst Sales Growth FY1:	1.20%
Analyst Sales Growth FY2:	15.40%
SN Valuation Estimate FY1:	3.00%
SN Valuation Estimate FY2:	3.00%

Analyst Earnings Estimate FY1:	\$0.66
Analyst Earnings Estimate FY2:	\$0.80
SN Valuation Earnings Est. FY1:	\$0.52
SN Valuation Earnings Est. FY2:	\$0.54

**Multiples**

Market Value to Book:	1.20
EV to Book:	0.84
Market Value to Tangible Net Assets:	3.10
P/E Ratio:	6.64
Trailing P/E Ratio:	6.58
Forward P/E Ratio:	6.34
Beta:	1.33
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:	3.84
Average EV to EBIT:	N/A
Company EV to EBITA:	4.25

# SN VALUATION

# LBO Analysis

WACC Terminal Value:	N/A	<b>Intrinsic Price in 5 Years:</b>	<b>5.71</b>	<b>Non-LBO Forecast</b>	<b>Non-LBO Forecast</b>	<b>Desired Return Rate</b>	<b>20.00%</b>
EV/EBITDA with 3X Multiple Terminal Value:	\$5.10	Market Price:	5.07	Year 1 Target	5.19	<b>Implied Today's Price</b>	<b>2.29</b>
Net Tangible Asset Terminal Value:	\$4.12	LBO Price:	<b>5.07</b>	Year 2 Target	5.32	Overvalued/(Undervalued)	121.06%
EV/EBITDA with Today's Multiple Terminal Value:	\$6.84	Premium to Market Price:	0.00%	Year 3 Target	5.44		
<b>EVA Enterprise Value:</b>	\$6.77	LBO Price/Intrinsic Price Target:	2.40%	Year 4 Target	5.57		
<b>Dividend Discount Model:</b>	N/A	LBO Price/EV/EBIT Exit Price:	6.19%	Year 5 Target	5.71		
<b>Average (Excluding Dividend Discount):</b>	<b>\$5.71</b>	Implied IRR at today's EV/EBITDA:	6.19%	<b>Implied IRR (Market Price):</b>	<b>2.40%</b>		
		5 Year Return:	12.56%				

Current Evaluation				Exit Evaluation			
Current Market Price:	5.07	LBO Price:	5.07	Exit Price:	5.71	Exit Price:	6.84
Outstanding Shares:	14,490,000	Outstanding Shares:	14,490,000	Outstanding Shares:	14,490,000	Outstanding Shares:	14,490,000
<b>Market Capitalization:</b>	<b>73,464,302</b>	<b>Market Capitalization:</b>	<b>73,464,302</b>	<b>Market Capitalization:</b>	<b>82,693,878</b>	<b>Market Capitalization:</b>	<b>99,179,598</b>
Available Cash:	22,440,000	Available Cash:	22,440,000	Available Cash:	35,962,064	Available Cash:	35,962,064
Debt:	0	Debt:	0	Debt:	0	Debt:	0
Net Cash:	22,440,000	Net Cash:	22,440,000	Net Cash:	35,962,064	Net Cash:	35,962,064
<b>Enterprise Value:</b>	<b>51,024,302</b>	<b>Enterprise Value:</b>	<b>51,024,302</b>	<b>Enterprise Value:</b>	<b>46,731,814</b>	<b>Enterprise Value:</b>	<b>63,217,534</b>
Original EV/EBITDA:	4.25	EV/EBITDA:	4.25	EV/EBITDA at 5 Years:	3.70	EV/EBITDA at 5 Years:	<b>5.00</b>
Original EV/EBITDA:	3.84	EV/EBITDA:	3.96	EV/EBITDA at 5 Years:	4.91	EV/EBITDA at 5 Years:	4.63
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:	5.07	5.07	5.19	5.31	5.44	5.57	5.70
Shares Outstanding:	14,490,000	14,490,000	14,490,000	14,490,000	14,490,000	14,490,000	14,490,000
<b>Market Capitalization:</b>	<b>73,464,302</b>	<b>73,421,782</b>	<b>75,180,346</b>	<b>76,981,031</b>	<b>78,824,844</b>	<b>80,712,820</b>	<b>82,646,016</b>
Available Cash:	22,440,000	22,440,000	24,590,857	27,075,461	29,752,460	32,683,679	35,962,064
Debt:	0	0	0	0	0	0	0
Net Cash:	22,440,000	22,440,000	24,590,857	27,075,461	29,752,460	32,683,679	35,962,064
<b>Enterprise Value:</b>	<b>51,024,302</b>	<b>50,981,782</b>	<b>50,589,490</b>	<b>49,905,570</b>	<b>49,072,385</b>	<b>48,029,141</b>	<b>46,683,951</b>
EBIT	11,990,000	11,990,000	11,233,592	11,570,600	11,917,718	12,275,249	12,643,507
EV/EBIT:	4.26	4.25	4.50	4.31	4.12	3.91	3.69
EBITDA	12,870,000	12,870,000	12,139,992	12,504,192	12,879,318	13,265,697	13,663,668
EV/EBITDA:	3.96	3.96	4.17	3.99	3.81	3.62	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:	5.07	5.07	4.99	5.26	5.55	5.86	6.19
Shares Outstanding:	14,490,000	14,490,000	14,490,000	14,490,000	14,490,000	14,490,000	14,490,000
<b>Market Capitalization:</b>	<b>73,464,302</b>	<b>73,421,782</b>	<b>72,356,373</b>	<b>76,273,943</b>	<b>80,426,896</b>	<b>84,878,349</b>	<b>89,722,574</b>
Available Cash:	22,440,000	22,440,000	24,590,857	27,075,461	29,752,460	32,683,679	35,962,064
Debt:	0	0	0	0	0	0	0
Net Cash:	22,440,000	22,440,000	24,590,857	27,075,461	29,752,460	32,683,679	35,962,064
<b>Enterprise Value:</b>	<b>51,024,302</b>	<b>50,981,782</b>	<b>47,765,516</b>	<b>49,198,482</b>	<b>50,674,436</b>	<b>52,194,669</b>	<b>53,760,509</b>
EBIT	11,990,000	11,990,000	11,233,592	11,570,600	11,917,718	12,275,249	12,643,507
EV/EBIT:	4.26	4.25	4.25	4.25	4.25	4.25	4.25
EBITDA	12,870,000	12,870,000	12,139,992	12,504,192	12,879,318	13,265,697	13,663,668
EV/EBITDA:	3.96	3.96	3.93	3.93	3.93	3.93	3.93

LBO Price	5.07	Equity Partners:	73,464,302	Weighting	<b>100.00%</b>	<b>Annualized Return for Equity Partners: 6.19%</b>
Shares Outstanding	14,490,000	Debt Partners:	0		0.00%	
<b>Market Capitalization</b>	<b>73,464,302</b>	<b>Total Funds for LBO:</b>	<b>73,464,302</b>		<b>100.00%</b>	
Debt	0					
Cash	22,440,000					
<b>Enterprise Value</b>	<b>51,024,302</b>					
<b>Capital Investment</b>	<b>73,464,302</b>					

Book Value	Enterprise Value	Stock Valuation	Debt Reduction
Beginning Book Value	61.08	Current Market Price	Starting Debt
Year 5 Book Value	101.18	Year 5 Market Price	Debt Repayment
<b>Annualized Return</b>	<b>10.62%</b>	<b>Annualized Return</b>	<b>6.19%</b>
			<b>% of Starting Debt</b>
			<b>#DIV/0!</b>

SN VALUATION

LBO Pro Forma Income Statement

Name:

Ballantyne Strong Inc

Ticker:

BTN

	Historical				Forecasted				
	12 months ending 2007-12-31	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	2011	2012	2013	2014	2015
Revenue	51.49	54.81	72.15	136.33	140.42	144.63	148.97	153.44	158.04
COGS	42.03	46.02	57.41	111.60	115.14	118.60	122.16	125.82	129.60
Gross margin	9.46	8.79	14.74	25.28	26.03	26.03	26.81	27.62	28.45
SG&A	9.32	10.82	11.06	12.89	14.04	14.46	14.90	15.34	15.80
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.57	2.04	0.02	-0.15	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)	-0.43	-4.07	3.66	11.99	11.23	11.57	11.92	12.28	12.64
Interest income/(expense)	0.51	-0.21	-0.83	0.55	0.22	0.22	0.22	0.22	0.22
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	-0.09	0.32	-0.07	-0.16	0.00	0.00	0.00	0.00	0.00
Income before tax	-0.01	-3.95	2.75	12.39	11.46	11.79	12.14	12.50	12.87
Tax	-0.24	-0.92	0.68	3.96	3.90	4.01	4.13	4.25	4.37
Income after tax	0.23	-3.03	2.07	8.43	7.56	7.78	8.01	8.25	8.49
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	0.23	-3.03	2.07	8.43	7.56	7.78	8.01	8.25	8.49
*Figures are in millions (\$)									
EPS (based off today's share count)	\$0.02	-\$0.21	\$0.14	\$0.58	\$0.52	\$0.54	\$0.55	\$0.57	\$0.59
P/E (historical today's price; forecasted intrinsic price)	319.41	-24.25	35.49	8.71	9.95	9.90	9.84	9.79	9.74
Revenue Growth	N/A	6.45%	31.64%	88.95%	3.00%	3.00%	3.00%	3.00%	3.00%
Tax Rate	2400.00%	23.29%	24.73%	31.98%	34.00%	34.00%	34.00%	34.00%	34.00%
Implied Debt Interest Rate	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Margins									
COGS	81.63%	83.96%	79.57%	81.86%	82.00%	82.00%	82.00%	82.00%	82.00%
Gross margin	18.37%	16.04%	20.43%	18.14%	18.00%	18.00%	18.00%	18.00%	18.00%
SG&A	18.10%	19.74%	15.33%	9.45%	10.00%	10.00%	10.00%	10.00%	10.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	1.11%	3.72%	0.03%	-0.11%	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)	-0.84%	-7.43%	5.07%	8.79%	8.00%	8.00%	8.00%	8.00%	8.00%
Interest income/(expense)	0.99%	-0.38%	-1.15%	0.40%	0.16%	0.15%	0.15%	0.15%	0.14%
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	-0.17%	0.58%	-0.10%	-0.12%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	-0.02%	-7.21%	3.81%	9.09%	8.16%	8.15%	8.15%	8.15%	8.14%
Tax	-0.47%	-1.68%	0.94%	2.90%	2.77%	2.77%	2.77%	2.77%	2.77%
Income after tax	0.45%	-5.53%	2.87%	6.18%	5.38%	5.54%	5.71%	5.87%	6.05%
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	0.45%	-5.53%	2.87%	6.18%	5.38%	5.38%	5.38%	5.38%	5.37%

SN VALUATION

LBO Adjusted Proforma Balance Sheet

	As of 2007-12-31	As of 2008-12-31	As of 2009-12-31	As of 2010-12-31	As of 2011-09-30	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	4.22	11.42	23.59	22.25	22.44			22.44	24.59	27.08	29.75	32.68	35.96
Short term investment	13.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Cash and Short term</b>	<b>17.22</b>	<b>11.42</b>	<b>23.59</b>	<b>22.25</b>	<b>22.44</b>			<b>22.44</b>	<b>24.59</b>	<b>27.08</b>	<b>29.75</b>	<b>32.68</b>	<b>35.96</b>
Accounts Receivable	7.84	7.04	10.77	23.44	53.84			53.84	53.84	53.84	53.84	53.84	53.84
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Receivables</b>	<b>7.84</b>	<b>7.04</b>	<b>10.77</b>	<b>23.44</b>	<b>53.84</b>			<b>53.84</b>	<b>53.84</b>	<b>53.84</b>	<b>53.84</b>	<b>53.84</b>	<b>53.84</b>
Total Inventory	12.65	10.00	13.47	28.60	17.05			17.05	17.05	17.05	17.05	17.05	17.05
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	3.21	3.19	3.05	5.12	5.77			5.77	5.77	5.77	5.77	5.77	5.77
<b>Current Assets</b>	<b>40.92</b>	<b>31.65</b>	<b>50.88</b>	<b>79.41</b>	<b>99.10</b>	<b>0.00</b>	<b>0.00</b>	<b>99.10</b>	<b>101.25</b>	<b>103.74</b>	<b>106.41</b>	<b>109.34</b>	<b>112.62</b>
PP&E, Gross	13.14	11.42	12.42	13.00	13.00			13.00	20.00	27.00	34.00	41.00	48.00
Change in Depreciation		0.92	0.84	0.88	0.88			0.88	0.91	0.93	0.96	0.99	1.02
Accumulated Depreciation	9.51	7.97	8.81	9.00	9.00			9.00	9.91	10.84	11.80	12.79	13.81
<b>PP&amp;E, Net</b>	<b>3.63</b>	<b>3.45</b>	<b>3.61</b>	<b>4.00</b>	<b>4.00</b>			<b>4.00</b>	<b>10.09</b>	<b>16.16</b>	<b>22.20</b>	<b>28.21</b>	<b>34.19</b>
Goodwill	2.42	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	2.05	1.37	1.10	0.70	0.00			0.00	-0.68	-1.45	-2.15	-2.85	-3.61
Long term investments	3.73	12.02	2.22	2.07	1.92			1.92	1.92	1.92	1.92	1.92	1.92
Other long term assets	0.02	1.49	0.54	0.10	4.59			4.59	4.59	4.59	4.59	4.59	4.59
<b>Long Term Assets</b>	<b>11.85</b>	<b>18.33</b>	<b>7.47</b>	<b>6.87</b>	<b>10.51</b>			<b>10.51</b>	<b>15.92</b>	<b>21.22</b>	<b>26.55</b>	<b>31.87</b>	<b>37.09</b>
<b>Total Assets</b>	<b>52.77</b>	<b>49.98</b>	<b>58.35</b>	<b>86.28</b>	<b>109.61</b>	<b>0.00</b>	<b>0.00</b>	<b>109.61</b>	<b>117.17</b>	<b>124.95</b>	<b>132.97</b>	<b>141.22</b>	<b>149.71</b>
Accounts Payable	6.13	6.47	9.77	30.75	40.55			40.55	40.55	40.55	40.55	40.55	40.55
Accrued Expense	2.21	2.13	3.62	3.89	3.83			3.83	3.83	3.83	3.83	3.83	3.83
Other current Liabilities	1.56	2.36	3.54	4.37	7.04			7.04	7.04	7.04	7.04	7.04	7.04
<b>Total Current Liabilities</b>	<b>9.90</b>	<b>10.96</b>	<b>16.93</b>	<b>39.01</b>	<b>51.42</b>	<b>0.00</b>	<b>0.00</b>	<b>51.42</b>	<b>51.42</b>	<b>51.42</b>	<b>51.42</b>	<b>51.42</b>	<b>51.42</b>
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
<b>Total Interest Earning Debt</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Deferred Income tax	0.10	0.31	0.27	0.27	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	1.10	1.01	0.48	0.38	4.29			4.29	4.29	4.29	4.29	4.29	4.29
<b>Total Liabilities</b>	<b>11.10</b>	<b>12.28</b>	<b>17.68</b>	<b>39.66</b>	<b>55.71</b>	<b>0.00</b>	<b>0.00</b>	<b>55.71</b>	<b>55.71</b>	<b>55.71</b>	<b>55.71</b>	<b>55.71</b>	<b>55.71</b>
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	0.16	0.17		0.00	0.17	0.17	0.17	0.17	0.17	0.17
Additional Paid-in capital	34.64	35.09	35.33	36.24	37.15	0.00	0.00	37.15	37.15	37.15	37.15	37.15	37.15
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	23.54	20.51	22.58	31.01	39.75		0.00	39.75	47.31	55.09	63.11	71.36	79.85
Treasury Stock	-15.31	-15.38	-15.38	-15.38	-15.48			-15.48	-15.48	-15.48	-15.48	-15.48	-15.48
Other Equity	0.02	-0.80	-0.18	0.34	-0.51		0.00	-0.51	-0.51	-0.51	-0.51	-0.51	-0.51
<b>Total Equity</b>	<b>43.05</b>	<b>39.58</b>	<b>42.51</b>	<b>52.37</b>	<b>61.08</b>	<b>0.00</b>	<b>0.00</b>	<b>61.08</b>	<b>68.64</b>	<b>76.42</b>	<b>84.44</b>	<b>92.69</b>	<b>101.18</b>
<b>Liability + Equity</b>	<b>54.15</b>	<b>51.86</b>	<b>60.19</b>	<b>92.03</b>	<b>116.79</b>	<b>0.00</b>	<b>0.00</b>	<b>116.79</b>	<b>124.35</b>	<b>132.13</b>	<b>140.15</b>	<b>148.40</b>	<b>156.89</b>
<b>Variance</b>	<b>-1.38</b>	<b>-1.88</b>	<b>-1.84</b>	<b>-5.75</b>	<b>-7.18</b>			<b>-7.18</b>	<b>-7.18</b>	<b>-7.18</b>	<b>-7.18</b>	<b>-7.18</b>	<b>-7.18</b>
<b>Debt/Equity</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Inventory Turnover	4.07	5.48	5.36	4.77	8.24			8.00	8.24	8.48	8.74	9.00	9.27
Inventory Turnover Days	89.67	66.59	68.14	76.57	44.32			45.65	44.32	43.03	41.77	40.56	39.38
Days Inventory Outstanding	109.86	79.31	85.64	93.54	54.05			55.76	54.05	52.47	50.94	49.46	48.02
Accounts Receivable Turnover	6.57	7.79	6.70	5.82	2.61			2.53	2.61	2.69	2.77	2.85	2.94
Accounts Receivable Turnover Days	55.58	46.88	54.48	62.76	139.95			144.15	139.95	135.87	131.92	128.07	124.34
Days Payable Outstanding	53.23	51.32	62.12	100.57	128.54			132.62	128.54	124.80	121.16	117.63	114.21
Days Sales Outstanding	55.58	46.88	54.48	62.76	139.95			62.76	144.15	139.95	135.87	131.92	128.07
Cash Conversion Cycle	112.20	74.88	78.01	55.72	65.46			-14.10	69.65	67.63	65.66	63.74	61.89

SN VALUATION

LBO Adjusted Proforma Cash Flow

	12 months ending 2007-12-31	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	2011	2012	2013	2014	2015
Net Income	0.23	-3.03	2.07	8.43	7.56	7.78	8.01	8.25	8.49
Depreciation	1.06	0.92	0.84	0.88	0.91	0.93	0.96	0.99	1.02
<b>Net Income + Depreciation</b>	<b>1.29</b>	<b>-2.11</b>	<b>2.91</b>	<b>9.31</b>	<b>8.47</b>	<b>8.72</b>	<b>8.97</b>	<b>9.24</b>	<b>9.51</b>
Amortization	0.16	0.42	0.40	0.43	0.68	0.77	0.70	0.69	0.77
Deferred Taxes	0.03	-1.22	0.71	0.24	0.00	0.00	0.00	0.00	0.00
Non Cash Items	2.57	5.19	2.36	1.14	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-5.90	2.08	-4.01	-7.49	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	0.80	-3.73	-12.67	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	2.65	-3.47	-15.13	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	0.34	3.30	20.98	0.00	0.00	0.00	0.00	0.00
<b>Cash from Operating Activities</b>	<b>-1.85</b>	<b>4.36</b>	<b>2.37</b>	<b>3.63</b>	<b>9.15</b>	<b>9.48</b>	<b>9.68</b>	<b>9.93</b>	<b>10.28</b>
Capital Expenditures Expenditures	-0.61	-0.82	-0.91	-6.81	-7.00	-7.00	-7.00	-7.00	-7.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Expenditures Proceeds	3.71	3.63	10.29	1.15	0.00	0.00	0.00	0.00	0.00
<b>Cash from Investing Activities</b>	<b>3.10</b>	<b>2.81</b>	<b>9.38</b>	<b>-5.66</b>	<b>-7.00</b>	<b>-7.00</b>	<b>-7.00</b>	<b>-7.00</b>	<b>-7.00</b>
Financing Cash flow items	0.22	0.20	0.00	0.16	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	0.14	0.06	0.03	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	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Cash from Financing Activities</b>	<b>0.35</b>	<b>0.26</b>	<b>0.03</b>	<b>0.56</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Foreign Exchange effect	0.00	-0.22	0.39	0.13	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	2.62	4.22	11.42	23.59	22.44	24.59	27.08	29.75	32.68
<b>Net Change in Cash</b>	<b>1.60</b>	<b>7.20</b>	<b>12.16</b>	<b>-1.34</b>	<b>2.15</b>	<b>2.48</b>	<b>2.68</b>	<b>2.93</b>	<b>3.28</b>
Ending Cash Balance	4.22	11.42	23.58	22.25	24.59	27.08	29.75	32.68	35.96
Capex to Revenue	1.18%	1.50%	1.26%	5.00%	4.99%	4.84%	4.70%	4.56%	4.43%
Depreciation to Sales	2.06%	1.68%	1.16%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%
Amortization to Sales	0.31%	0.77%	0.55%	0.32%	0.49%	0.53%	0.47%	0.45%	0.49%
A/R to Sales	15.23%	12.84%	14.93%	17.19%	16.69%	16.21%	15.73%	15.28%	14.83%
Distributable FCF Yield	2.45%	14.05%	23.03%	-3.98%	4.22%	4.87%	5.25%	5.74%	6.43%
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing-Dividends)	<b>1.25</b>	<b>7.17</b>	<b>11.75</b>	<b>-2.03</b>	<b>2.15</b>	<b>2.48</b>	<b>2.68</b>	<b>2.93</b>	<b>3.28</b>

# SN VALUATION

# LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	-1.34	2.15	2.48	2.68	2.93	3.28
Current Portion Debt Repayment						
Long Term Debt Repayment						
<b>Outstanding Debt</b>	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%
<b>Interest Rate</b>		<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>
<b>Interest Expense</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Cash Balance		22.25				
Interest @ 1.0%		0.22	0.22	0.22	0.22	0.22
<b>Net Interest Expense/(Income)</b>		<b>(0.22)</b>	<b>(0.22)</b>	<b>(0.22)</b>	<b>(0.22)</b>	<b>(0.22)</b>
<b>Net Interest Rate</b>		<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
EBITDA		11.23	11.57	11.92	12.28	12.64
<b>EBITDA/Interest Expense Coverage</b>		<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>

## 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 Inc

Ticker:

BTN

Period	2007	2008	2009	2010	2011	2012	2013	2014	2015
Working Capital	31.02	20.69	33.95	47.68	49.83	52.32	54.99	57.92	61.20
Total Assets	52.77	49.98	58.35	109.61	117.17	124.95	132.97	141.22	149.71
<b>X1</b>	<b>0.59</b>	<b>0.41</b>	<b>0.58</b>	<b>0.43</b>	<b>0.43</b>	<b>0.42</b>	<b>0.41</b>	<b>0.41</b>	<b>0.41</b>
Retained Earnings	23.54	20.51	22.58	39.75	47.31	55.09	63.11	71.36	79.85
Total Assets	52.77	49.98	58.35	109.61	117.17	124.95	132.97	141.22	149.71
<b>X2</b>	<b>0.45</b>	<b>0.41</b>	<b>0.39</b>	<b>0.36</b>	<b>0.40</b>	<b>0.44</b>	<b>0.47</b>	<b>0.51</b>	<b>0.53</b>
EBITDA	-0.43	-4.07	3.66	11.99	11.23	11.57	11.92	12.28	12.64
Total Assets	52.77	49.98	58.35	109.61	117.17	124.95	132.97	141.22	149.71
<b>X3</b>	<b>-0.01</b>	<b>-0.08</b>	<b>0.06</b>	<b>0.11</b>	<b>0.10</b>	<b>0.09</b>	<b>0.09</b>	<b>0.09</b>	<b>0.08</b>
Market Value of Equity	73.46	73.46	73.46	73.46	75.22	77.03	78.87	80.76	82.69
Total Liabilities	11.10	12.28	17.68	55.71	55.71	55.71	55.71	55.71	55.71
<b>X4</b>	<b>6.62</b>	<b>5.98</b>	<b>4.16</b>	<b>1.32</b>	<b>1.35</b>	<b>1.38</b>	<b>1.42</b>	<b>1.45</b>	<b>1.48</b>
Net Sales	51.49	54.81	72.15	136.33	140.42	144.63	148.97	153.44	158.04
Total Assets	52.77	49.98	58.35	109.61	117.17	124.95	132.97	141.22	149.71
<b>X5</b>	<b>0.98</b>	<b>1.10</b>	<b>1.24</b>	<b>1.24</b>	<b>1.20</b>	<b>1.16</b>	<b>1.12</b>	<b>1.09</b>	<b>1.06</b>
<b>Altman Z Score</b>	<b>6.25</b>	<b>5.49</b>	<b>5.18</b>	<b>3.43</b>	<b>3.40</b>	<b>3.41</b>	<b>3.43</b>	<b>3.44</b>	<b>3.46</b>

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

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	Feb 10 2012	0.07	0.12	-43.99%	Error
Case-Shiller Home Price Index: National	Sep 2011	127.78	129.35	-1.21%	-0.0395
Philly Fed Manufacturing Activity Index	Feb 2012	10.2	7.30	39.73%	-0.6577
Philly Fed Manufacturing Future Activity Index	Feb 2012	33.3	49.00	-32.04%	-0.2534
US Average Claims for Unemployment Insurance	Feb 4 2012	3490	3498.396151	-0.24%	-0.1202
US Average Initial Claims for Unemployment Insurance	Feb 11 2012	365.25K	N/A	-0.48%	-0.1267
US Industrial Production Index	Dec 2011	95.29	94.87	0.44%	0.0295
US Initial Claims for Unemployment Insurance	Feb 11 2012	348.00K	N/A	-3.60%	-0.11
US Producer Price Index	Jan 2012	193.5	193.31	0.10%	0.0414
US Quits Rate: Total Nonfarm	Dec 2011	0.015	0.015	0.00%	0.0714
US Quits: Total Nonfarm	Dec 2011	1930	1958.99	-1.48%	0.0479
US Retail Sales	Jan 2012	358780000	357,493,025	0.36%	0.0554
US Total Business Inventories	Dec 2011	1.56T	N/A	0.38%	0.0772
US Total Business Inventory/Sales Ratio	Dec 2011	1.26	1.270033263	-0.79%	-0.0156
US Total Business Sales	Dec 2011	1.23T	N/A	0.71%	0.0886
US Total Separations Rate: Total Nonfarm	Dec 2011	0.03	0.03	0.00%	0.0345
US Total Separations: Total Nonfarm	Dec 2011	3910	3986.95	-1.93%	0.019

## U.S. Key Indicators

10 Year Treasury Rate	1.93%
US Producer Price Index	193.5
US Initial Claims for Unemployment Insurance	348.00K
US 30 Year Mortgage Rate	3.87%
US Average Claims for Unemployment Insurance	3,490
US Retail Sales	358,780,000
US Unemployment Rate	0.083
US Durable Goods Orders	214,310,000
US Purchasing Managers Index	54.1
US Personal Consumption Expenditures	10.86T
US Consumer Price Index	227.5
US Consumer Sentiment	71.5
US Housing Starts	699.00K

## Korea Key Indicators

	Period	Value	Chg from 1 Year
Gold Price in Korean Won	Feb 10 2012	1,923,469	27.28%
Korea Change in Stocks	Sep 2011	3.3	230.00%
Korea Consumer Price Index	Jan 2012	122.71	3.42%
Korea Core Consumer Price Index	Jan 2012	117.79	2.47%
Korea Core Inflation Rate	Dec 2011	0.0268	61.48%
Korea GDP	Sep 2011	310.1	5.30%
Korea Inflation Rate	Dec 2011	0.0416	37.29%
Korea Manufacturing Producer Price Index	Dec 2011	125.59	5.28%
Korea Misery Index	Dec 2011	7.26	11.18%
Korea Real GDP Growth	Dec 2011	0.0342	-27.39%
Korea Unemployment Rate	Dec 2011	0.031	-11.43%

Source: [Ycharts.com](http://Ycharts.com)

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