

Crown Crafts (CRWS)

Price:	\$8.35	Net Tang. Bk Value Incl. Cash, Excl.	\$34,120,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$59,617,550.00
Shares Outstanding:	9,860,000	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$6,302,137.00
Market Cap:	\$82,331,000	NTBVIC/Market Downside Recovery:	41.44%	Year 5 Disposition FCF Multiple:	3.0
Cash:	\$3,770,000	Op. Cash Flow:	\$6,382,234	Year 5 Disposition Price:	\$78,523,960.99
Debt:	\$0	Implied Years to Fill Gap:	7.55		
Net Cash:	\$3,770,000	Today's Equity if 5x Op. CF:	\$53,266,701		
Enterprise Value:	\$78,561,000				
		Net Tang. Book+ Gain Disposition:			\$78,523,960.99
		IRR:			-0.94%
				Price:	\$7.96
				Target Market Cap:	\$78,523,961
				Target Enterprise Value:	\$74,753,961

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

I love this business. The stock has performed well, operationally the business is run well. This is an All star in our portfolio and I have been very satisfied with its performance. The stock performance over the past 29 months has been 100%+, so it is extra whip cream on an already delicious base, with operations generating 12% operating cash flow on equity. (\$6MM over \$45MM equity base).

Business Model

The Co. employees designers who sketch designs for baby bedding, blankets, bibs, and other related items. The Co. has a proprietary, private brand and they also license big name kids related names such as Disney, Sesame Street, etc. A growing percentage of revenue is derived from the private label brand, which is a good trend. They send their designs over to China, where they have a Shanghai foreign representative office. The factories produce the products and they ship the items to their warehouse in Compton, CA (Los Angeles). From the warehouse, the goods are sent out to their retail customers which includes Walmart, Target, Toys R Us. This is why the Co. owns very limited assets, in the form of PP&E. Most of their assets are in the inventory, and A/R, and intangibles, which would be the value of their private brand.

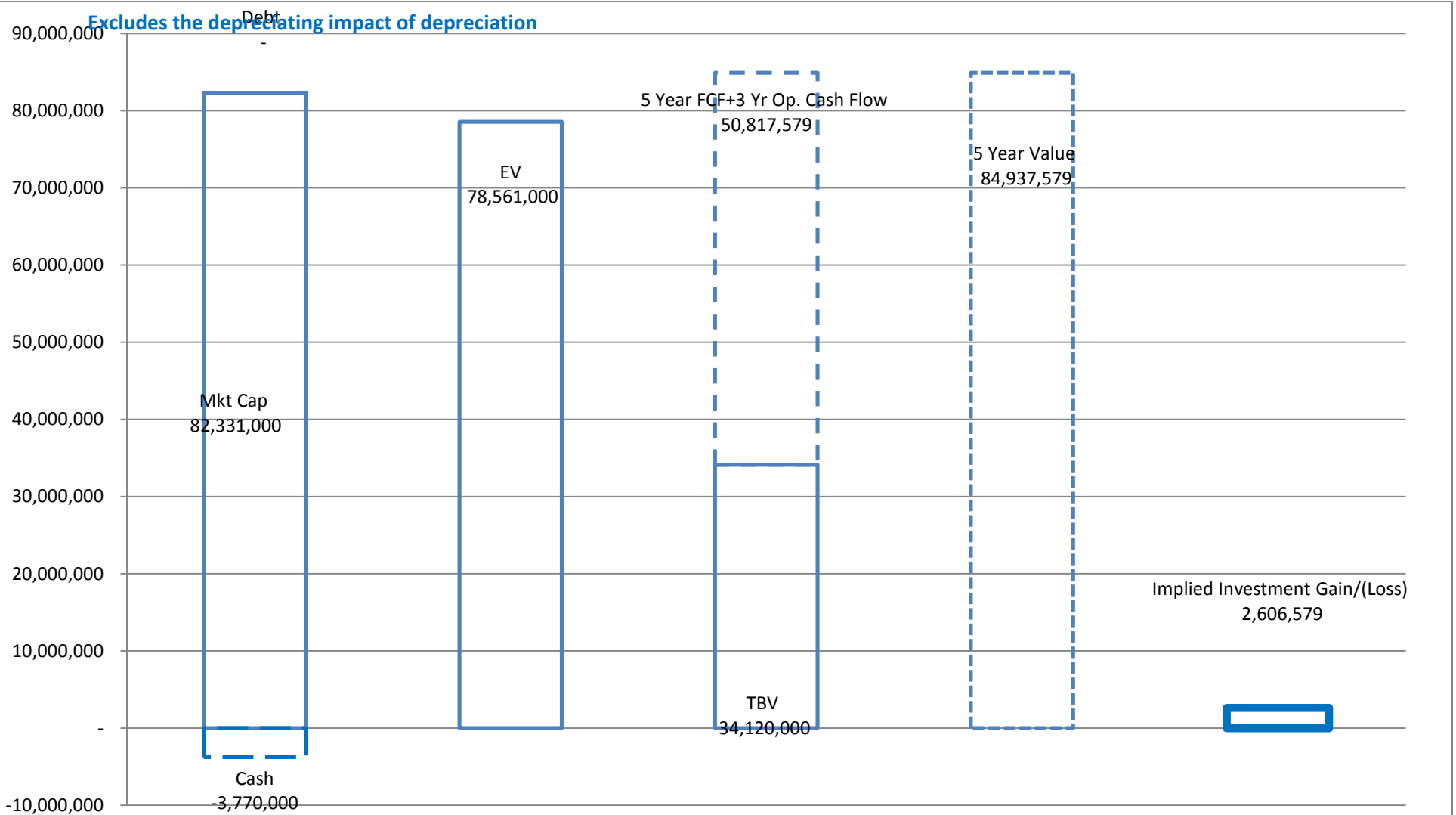
The Co. has zero interest accruing debt, and mainly A/P. The Co. generates \$10MM from operations, of which \$1MM goes to Capex, and the remainder either is paid out as a dividend, or retained as cash.

Its a straight forward business. Essentially is an import co., importing goods from China and selling it at a markup to their retail customers. I don't see much excess in the business in the past nor in the near future, so the Co. enjoys simplicity and visibility. Fairly simple to read and understand their financials. Management seems to be level headed, only making 1 major acquisition in 2007, and from then, returning capital in the form of dividends or buybacks. Recently, only dividends.

Big Idea

I don't believe the Co. will be bought out since there is very little tangible asset base to securitize for a loan. It's a simple operation and we believe investors who are looking for a stable dividend return to take part in this investment. Right now, it is trading at our 5 year target price so it is not without risk. However, dividend yield is averaging 3% and we foresee a stable operating cash flow generation for the next couple years. Hard to see the Co. generate substantially higher revenue since their customers already include Walmart and Target. Sung Nam back in Dec. 2012 made an excellent choice by selecting CRWS in the SNV FF and today, I am happy to see the satisfactory outcome.

Excludes the depreciating impact of depreciation



Crown Crafts, Inc., is a Delaware Corporation. The Company operates indirectly through its wholly-owned subsidiaries, Crown Crafts Infant Products, Inc. and Hamco, Inc., in the infant and toddler products segment within the consumer products industry. The infant and toddler segment consists of infant and toddler bedding, bibs, disposable products, soft goods and accessories. The Company sells products directly to retailers, which are mass merchants, mid-tier retailers, juvenile specialty stores, value channel stores, grocery and drug stores, restaurants, internet accounts, wholesale clubs and catalog retailers. The Company's products are manufactured in Asia and marketed under various Company-owned trademarks, under trademarks licensed from others and as private label goods. The Company produces infant, toddler and juvenile products, including crib and toddler bedding; blankets; nursery accessories; room décor; disposable and reusable bibs and floor mats; burp cloths; bathing accessories; disposable placemats, toilet seat covers and changing mats; and other infant, toddler and juvenile soft goods. The Company is subject to various federal, state and local environmental laws and regulations.

Company Name:	Crown Crafts	Market Capitalization:	\$82,331,000.00	Revenue:	\$80,890,000.00	100.0%
Ticker Symbol:	CRWS	Total Debt:	\$0.00	Cost of Goods Sold:	\$61,120,000.00	75.6%
Last Price:	\$8.35	RCH Total Cash:	\$3,770,000.00	Gross Profit:	\$19,770,000.00	24.4%
Net Cash/Share:	\$0.38	Net Cash/(Debt):	\$3,770,000.00	EBITDA:	\$10,510,000.00	13.0%
Net Cash to Last Price:	4.58%	Enterprise Value:	\$78,561,000.00	Net Income:	\$5,600,000.00	6.9%
Shares Outstanding:	9,860,000	RCH Current EV/Share:	\$7.97			
Industry:	Apparel Manufacturing	EBITDA:	\$9,100,000.00			
Sector:	Consumer Cyclical	EV/EBITDA Multiple:	8.63	Balance Sheet		
		EV/EBITDA Multiple Average Year 1-5:	9.73	Cash:	\$3,770,000.00	
Institutional Ownership:	44.95%	EV/FCF Multiple (excluding acquisition):	14.82	Short Term Investment:	\$0.00	
Mutual Fund Ownership:	11.22%			A/R:	\$17,000,000.00	
Insider Ownership:	25.66%			PP&E:	\$1,000,000.00	
Float:	87.00%			Assets:	\$49,960,000.00	
		Upper Range		A/P:	\$8,000,000.00	
		DCF: EV/EBITDA Terminal Value		Deferred Tax:	\$0.00	
				Other Liabilities:	\$6,810,000.00	
Technicals		Implied TV from 3 X EV/EBITDA Multiple	\$23,526,000.00	Short term Debt:	\$0.00	
52 week low:	\$5.72			Long Term Debt:	\$0.00	
Today from 52 week low:	45.98%	Enterprise Value	\$23,526,000.00	Liabilities:	\$14,810,000.00	
52 week high:	\$9.62	Cash at Year 5:	\$30,280,684.98	Retained Earnings:	-\$4,000,000.00	
Today from 52 week high:	15.21%	Debt at Year 5:	\$0.00	Paid-In Capital:	\$47,120,000.00	
Analyst/Consensus		Equity Value Year 5:	\$53,806,684.98	Treasury Stock:	-\$8,000,000.00	
Analyst Sales Growth FY1:	4.40%	Equity/Share at Year 5:	\$5.46	Stockholder's Equity:	\$35,120,000.00	
Analyst Sales Growth FY2:	3.20%	Annualized Return:	-8.16%			
SN Valuation Estimate FY1:	0.00%			Cash Flow		
SN Valuation Estimate FY2:	0.00%	Lower Range		Net Income:	5,110,000.00	
		DCF: Net Tangible Asset excluding Cash/Debt Terminal Value		Depreciation/Amortization:	1,000,000.00	
Analyst Earnings Estimate FY1:	\$0.60	Year 5 Net Tangible Assets excluding cash and debt	\$24,890,000.00	Change in Working capital:	1,880,000.00	
Analyst Earnings Estimate FY2:	\$0.65			Cash from Operating Activities:	9,120,000.00	
SN Valuation Earnings Est. FY1:	\$0.52	Enterprise Value	\$24,890,000.00	Capital Expenditures:	-1,240,000.00	
SN Valuation Earnings Est. FY2:	\$0.52	Cash at Year 5:	\$30,280,684.98	Cash from Investing Activities:	-1,050,000.00	
		Debt at Year 5:	\$0.00	Total Cash Dividends Paid:	-7,650,000.00	
Multiples		Equity Value Year 5:	\$55,170,684.98	Issuance (Retirement) of Stock:	-490,000.00	
Market Value to Book:	2.34	Equity/Share at Year 5:	\$5.60	Issuance (Retirement) of Debt:	0.00	
EV to Book:	2.24	Annualized Return:	-7.69%	Cash from Financing Activities:	-7,950,000.00	
Market Value to Tangible Net Assets:	3.31					
P/E Ratio:	14.70	EVA		Profitability Margins		
Trailing P/E Ratio:	14.67	EVA today:	\$36,417,772.57	Debt to Equity:	0.00%	
Forward P/E Ratio:	12.85	EVA in 5 Years:	\$40,798,967.77	Return on Assets:	10.23%	
Beta:	0.62	EVA/Share:	\$4.14	Return on Capital:	14.55%	
Dividend:	0.32	Cash at Year 5:	\$30,280,684.98	Return on Equity:	14.55%	
Dividend Yield:	3.83%	Debt at Year 5:	\$0.00			
Dividend Date:	Apr 4, 2014	Equity Value Year 5:	\$71,079,652.75			
Ex-Dividend Date:	Mar 12, 2014	Equity/Share at Year 5:	\$7.21			
		Annualized return	2.30%			
Competitors						
Average EV to EBITDA:	N/A	Current Net Tangible Asset				
Company EV to EBITDA:	8.63	Net Tangible Asset/Share:	\$2.85			
		Net Tangible Asset/Share in Year 5:	\$5.93			
Average EV to EBIT:	N/A	Annualized return	15.76%			
Company EV to EBITA:	9.71					
		Current Equity Price:	\$8.35			
		Selling at Discount?	Premium			
		Appreciation Potential:	-65.81%			
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SN VALUATION

LBO Pro Forma Income Statement

Name:

Crown Crafts

Ticker:

CRWS

	Historical				Forecasted				
	12 months ending 2010-03-28	12 months ending 2011-04-03	12 months ending 2012-04-01	12 months ending 2013-03-31	2013	2014	2015	2016	2017
Revenue	86.07	89.97	85.31	78.42	78.42	78.42	78.42	78.42	78.42
COGS	65.84	69.88	65.76	58.65	58.82	58.82	58.82	58.82	58.82
Gross margin	20.23	20.09	19.55	19.77	19.61	19.61	19.61	19.61	19.61
SG&A	11.47	12.46	11.41	11.67	11.76	11.76	11.76	11.76	11.76
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.00	0.00	0.00	0.00	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)	8.76	7.63	8.14	8.10	7.84	7.84	7.84	7.84	7.84
Interest income/(expense)	-0.69	-0.46	-0.22	-0.02	0.00	0.00	0.00	0.00	0.00
Gain (loss) on sale of asset	0.00	0.00	0.00	-0.08	0.00	0.00	0.00	0.00	0.00
Other	-0.06	0.00	0.01	0.03	0.00	0.00	0.00	0.00	0.00
Income before tax	8.01	7.17	7.92	8.02	7.85	7.85	7.85	7.85	7.85
Tax	3.11	2.77	2.88	2.91	2.75	2.75	2.75	2.75	2.75
Income after tax	4.90	4.40	5.04	5.11	5.10	5.10	5.10	5.10	5.10
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	4.90	4.40	5.04	5.11	5.10	5.10	5.10	5.10	5.10
*Figures are in millions (\$)									
EPS (based off today's share count)	\$0.50	\$0.45	\$0.51	\$0.52	\$0.52	\$0.52	\$0.52	\$0.52	\$0.52
P/E (historical today's price; forecasted intrinsic price)	16.80	18.71	16.34	16.11	15.99	15.84	15.69	15.54	15.40
Revenue Growth	N/A	4.53%	-5.18%	-8.08%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	38.83%	38.63%	36.36%	36.28%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-13.29%	-7.31%	0.00%	0.00%	NA	NA	NA	NA	NA
Margins									
COGS	76.50%	77.67%	77.08%	74.79%	75.00%	75.00%	75.00%	75.00%	75.00%
Gross margin	23.50%	22.33%	22.92%	25.21%	25.00%	25.00%	25.00%	25.00%	25.00%
SG&A	13.33%	13.85%	13.37%	14.88%	15.00%	15.00%	15.00%	15.00%	15.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Excluded from COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	10.18%	8.48%	9.54%	10.33%	10.00%	10.00%	10.00%	10.00%	10.00%
Interest income/(expense)	-0.80%	-0.51%	-0.26%	-0.03%	0.00%	0.00%	0.00%	0.00%	0.00%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	-0.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	-0.07%	0.00%	0.01%	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	9.31%	7.97%	9.28%	10.23%	10.00%	10.00%	10.00%	10.00%	10.00%
Tax	3.61%	3.08%	3.38%	3.71%	3.50%	3.50%	3.50%	3.50%	3.50%
Income after tax	5.69%	4.89%	5.91%	6.52%	6.50%	6.50%	6.50%	6.50%	6.50%
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	5.69%	4.89%	5.91%	6.52%	6.50%	6.50%	6.50%	6.50%	6.50%

						Adjustment		Adjusted Proforma	2014	2015	2016	2017	2018
	As of 2010-03-28	As of 2011-04-03	As of 2012-04-01	As of 2013-03-31	As of 2013-12-29	+	-						
Cash	0.07	0.20	0.21	0.34	3.77			3.77	9.15223351	14.45	19.72	24.98	30.28
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	0.07	0.20	0.21	0.34	3.77			3.77	9.15	14.45	19.72	24.98	30.28
Accounts Receivable	17.63	17.82	19.44	21.43	17.00			17.00	17.00	17.00	17.00	17.00	17.00
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	17.63	17.82	19.44	21.43	17.00			17.00	17.00	17.00	17.00	17.00	17.00
Total Inventory	10.45	13.56	11.84	10.93	17.24			17.24	17.24	17.24	17.24	17.24	17.24
Prepaid Expenses	1.62	2.36	2.43	2.07	2.35			2.35	2.35	2.35	2.35	2.35	2.35
Other Current Assets	1.30	0.51	0.28	0.16	0.52			0.52	0.52	0.52	0.52	0.52	0.52
Current Assets	31.07	34.45	34.20	34.93	40.88	0.00	0.00	40.88	46.26223351	51.56	56.83	62.09	67.39
PP&E, Gross	3.57	3.62	3.50	3.87	4.00			4.00	5.00	6.00	7.00	8.00	9.00
Change in Depreciation	0.29	0.26	0.27	0.23	0.23			0.23	0.23	0.23	0.23	0.23	0.23
Accumulated Depreciation	3.02	3.15	2.99	3.29	3.00			3.00	3.23	3.46	3.69	3.92	4.15
PP&E, Net	0.55	0.47	0.51	0.58	1.00			1.00	1.77	2.54	3.31	4.08	4.85
Goodwill	0.86	1.13	1.13	1.13	1.00	0.00		1.00	1.00	1.00	1.00	1.00	1.00
Intangibles	6.49	6.79	5.97	5.99	6.00			6.00	4.95	3.98	3.04	2.11	1.14
Long term investments	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	2.01	2.03	1.97	1.08	1.08			1.08	1.08	1.08	1.08	1.08	1.08
Long Term Assets	9.91	10.42	9.58	8.78	9.08			9.08	8.80	8.60	8.43	8.27	8.07
Total Assets	40.98	44.87	43.78	43.71	49.96	0.00	0.00	49.96	55.06	60.16	65.26	70.36	75.46
Accounts Payable	5.56	4.76	6.09	7.38	8.00			8.00	8.00	8.00	8.00	8.00	8.00
Accrued Expense	3.14	2.97	2.46	2.48	3.00			3.00	3.00	3.00	3.00	3.00	3.00
Other current Liabilities	0.00	0.29	1.39	1.50	1.30			1.30	1.30	1.30	1.30	1.30	1.30
Total Current Liabilities	8.70	8.02	9.94	11.36	12.30	0.00	0.00	12.30	12.30	12.30	12.30	12.30	12.30
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	1.95	1.95	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	3.24	4.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Lease Obligations	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Interest Earning Debt	5.19	6.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Income tax	0.00	0.00	0.00	0.00	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	0.00	0.00	0.00	0.00	2.51			2.51	2.51	2.51	2.51	2.51	2.51
Total Liabilities	13.89	14.31	9.94	11.36	14.81	0.00	0.00	14.81	14.81	14.81	14.81	14.81	14.81
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	0.10	0.11	0.11	0.12	0.12		0.00	0.12	0.12	0.12	0.12	0.12	0.12
Additional Paid-in capital	41.01	42.23	43.66	46.22	47.00	0.00	0.00	47.00	47.00	47.00	47.00	47.00	47.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	-10.03	-6.58	-3.67	-5.83	-4.00			-4.00	1.10	6.20	11.30	16.40	21.50
Treasury Stock	-3.58	-4.36	-5.39	-7.69	-8.00		0.00	-8.00	-8.00	-8.00	-8.00	-8.00	-8.00
Other Equity	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Equity	27.50	31.40	34.71	32.82	35.12	0.00	0.00	35.12	40.22	45.32	50.42	55.52	60.62
Liability + Equity	41.39	45.71	44.65	44.18	49.93	0.00	0.00	49.93	55.03	60.13	65.23	70.33	75.43
Variance	-0.41	-0.84	-0.87	-0.47	0.03			0.03	0.03	0.03	0.03	0.03	0.03
Debt/Equity	0.19	0.20	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Inventory Turnover	8.24	6.63	7.21	7.17	4.55			4.55	4.55	4.55	4.55	4.55	4.55
Inventory Turnover Days	44.32	55.01	50.66	50.87	80.24			80.24	80.24	80.24	80.24	80.24	80.24
Days Inventory Outstanding	57.93	70.83	65.72	68.02	106.99			107.29	106.99	106.99	106.99	106.99	106.99
Accounts Receivable Turnover	4.88	5.05	4.39	3.66	4.61			4.61	4.61	4.61	4.61	4.61	4.61
Accounts Receivable Turnover Days	74.76	72.29	83.17	99.74	79.13			79.13	79.13	79.13	79.13	79.13	79.13
Days Payable Outstanding	30.82	24.86	33.80	45.93	49.65			49.79	49.65	49.65	49.65	49.65	49.65
Days Sales Outstanding	74.76	72.29	83.17	99.74	79.13			99.74	79.13	79.13	79.13	79.13	79.13
Cash Conversion Cycle	101.87	118.26	115.09	121.84	136.47			157.25	136.47	136.47	136.47	136.47	136.47
Net tangible assets/share	\$2.04	\$2.38	\$2.80	\$2.61	\$2.85				\$3.48	\$4.09	\$4.70	\$5.32	\$5.93

	12 months ending 2010-03-28	12 months ending 2011-04-03	12 months ending 2012-04-01	12 months ending 2013-03-31	2014	2015	2016	2017	2018
Net Income	4.78	4.31	5.04	5.11	5.10	5.10	5.10	5.10	5.10
Depreciation	0.29	0.26	0.27	0.23	0.23	0.23	0.23	0.23	0.23
Net Income + Depreciation	5.07	4.57	5.31	5.34	5.33	5.33	5.33	5.33	5.33
Amortization	1.54	1.22	1.06	0.77	1.05	0.97	0.94	0.93	0.97
Deferred Taxes	0.27	0.17	0.40	0.57	0.00	0.00	0.00	0.00	0.00
Non Cash Items	1.16	1.02	0.56	0.56	0.00	0.00	0.00	0.00	0.00
Change in Working capital	2.45	-4.97	0.94	1.88	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-0.19	-1.62	-1.99	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	-3.11	1.72	0.91	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-0.74	-0.07	0.36	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-0.80	1.33	1.29	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	10.49	2.01	8.27	9.12	6.38	6.29	6.27	6.26	6.30
Capital Expenditures Expenditures	-0.17	-0.20	-0.57	-1.24	-1.00	-1.00	-1.00	-1.00	-1.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-4.94	-1.56	0.01	0.19	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-5.11	-1.76	-0.56	-1.05	-1.00	-1.00	-1.00	-1.00	-1.00
Financing Cash flow items	0.10	0.15	0.02	0.20	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	-0.75	-1.25	-7.65	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	-0.36	-0.42	-0.13	-0.49	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	-20.31	0.91	-6.34	0.00	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-20.57	-0.11	-7.70	-7.94	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	15.24	0.07	0.20	0.21	3.77	9.15	14.45	19.72	24.98
Net Change in Cash	-15.17	0.13	0.01	0.13	5.38	5.29	5.27	5.26	5.30
Ending Cash Balance	0.07	0.20	0.21	0.34	9.15	14.45	19.72	24.98	30.28
Capex to Revenue	0.20%	0.22%	0.67%	1.58%	1.28%	1.28%	1.28%	1.28%	1.28%
Depreciation to Sales	0.34%	0.29%	0.32%	0.29%	0.29%	0.29%	0.29%	0.29%	0.29%
Amortization to Sales	1.79%	1.36%	1.24%	0.98%	1.34%	1.23%	1.20%	1.19%	1.24%
A/R to Sales	20.48%	19.81%	22.79%	27.33%	27.33%	27.33%	27.33%	27.33%	27.33%
Distributable FCF/EV Yield	6.85%	0.32%	9.81%	10.27%	6.85%	6.74%	6.71%	6.70%	6.75%
Dividend Yield	0.00%	-0.91%	-1.52%	-9.29%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	10.32	2.56	8.95	15.53	5.38	5.29	5.27	5.26	5.30

SN VALUATION

LBO Debt Schedule

Ticker:

CRWS

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	0.13	5.38	5.29	5.27	5.26	5.30
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	0.00	0.00	0.00	0.00	0.00	0.00
Current Portion Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		5.00%	5.00%	5.00%	5.00%	5.00%
Interest Rate		8.00%	8.00%	8.00%	8.00%	8.00%
Interest Expense		0.00	0.00	0.00	0.00	0.00
Cash Balance		0.34				
Interest @ 1.0%		0.00	0.00	0.00	0.00	0.00
Net Interest Expense/(Income)		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Net Interest Rate		N/A	N/A	N/A	N/A	N/A
EBITDA		7.84	7.84	7.84	7.84	7.84
EBITDA/Interest Expense Coverage		N/A	N/A	N/A	N/A	N/A

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran

SN VALUATION

Altman Z Score

Company Name:

Crown Crafts

Ticker:

CRWS

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	22.37	26.43	24.26	28.58	33.96	39.26	44.53	49.79	55.09
Total Assets	40.98	44.87	43.78	49.96	55.06	60.16	65.26	70.36	75.46
X1	0.55	0.59	0.55	0.57	0.62	0.65	0.68	0.71	0.73
Retained Earnings	-10.03	-6.58	-3.67	-4.00	1.10	6.20	11.30	16.40	21.50
Total Assets	40.98	44.87	43.78	49.96	55.06	60.16	65.26	70.36	75.46
X2	-0.24	-0.15	-0.08	-0.08	0.02	0.10	0.17	0.23	0.28
EBITDA	8.76	7.63	8.14	8.10	7.84	7.84	7.84	7.84	7.84
Total Assets	40.98	44.87	43.78	49.96	55.06	60.16	65.26	70.36	75.46
X3	0.21	0.17	0.19	0.16	0.14	0.13	0.12	0.11	0.10
Market Value of Equity	82.33	82.33	82.33	82.33	81.56	80.79	80.03	79.27	78.52
Total Liabilities	13.89	14.31	9.94	14.81	14.81	14.81	14.81	14.81	14.81
X4	5.93	5.75	8.28	5.56	5.51	5.45	5.40	5.35	5.30
Net Sales	86.07	89.97	85.31	78.42	78.42	78.42	78.42	78.42	78.42
Total Assets	40.98	44.87	43.78	49.96	55.06	60.16	65.26	70.36	75.46
X5	2.10	2.01	1.95	1.57	1.42	1.30	1.20	1.11	1.04
Altman Z Score	6.67	6.52	8.08	6.01	5.97	5.93	5.90	5.87	5.84

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

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

Blue

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

Green

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

Yellow

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

Red

Year	Present Value	Holding Period					Terminal Value			Sale Price
	0	1	2	3	4	5	6	7	8	TBV at Year 5 + 3 Years FCF
Tangible Book Value	34.12	39.22	44.32	49.42	54.52	59.62				59.62
Annual Change		5.10	5.10	5.10	5.10	5.10				
Annual FCF	7.88	5.38	5.29	5.27	5.26	5.30	5.30	5.30	5.30	15.91
Annual Op. Cash Flow	9.12	6.38	6.29	6.27	6.26	6.30	6.30	6.30	6.30	
Annual PP&E Investment	(1.24)	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)	
Today's Tangible Book Value	34.12	38.15	42.65	47.69	53.32	59.62				75.52
Intrinsic Value IRR	11.81%									
Market Price	82.33	80.92	79.54	78.18	76.84	75.52				75.52
Market Price IRR	-1.71%									

Debt	50.00%	41.17
Equity	50.00%	41.17
Total	100.00%	82.33

	Present Value	Holding Period					Terminal Value			Sale Price
	Historic	ProForma	1	2	3	4	5			
Book Equity	35.12	41.17	44.12	47.08	50.04	52.99	55.95			
Goodwill	1	48.21	48.21	48.21	48.21	48.21	48.21			
Debt	0	41.17	41.17	41.17	41.17	41.17	41.17			
Debt Interest Rate		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%			
Additional Interest Expense		3.30	3.30	3.30	3.30	3.30				
Tangible Book Value	34.12	-7.05	-4.09	-1.13	1.82	4.78	7.74			7.74
Annual Change			2.96	2.96	2.96	2.96	2.96			
Annual FCF	7.88	3.24	3.15	3.13	3.12	3.16	3.16	3.16	3.16	9.48
Annual Net Income	5.11		2.96	2.96	2.96	2.96	2.96	2.96	2.96	
Annual Op. Cash Flow	9.12	4.24	4.15	4.13	4.12	4.16	4.16	4.16	4.16	
Dividend Payments										
Annual PP&E Investment	(1.24)		(1.00)	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)	
Debt Paydown	0.00						0.00	0.00	0.00	
Sale Price in Year 5										17.22
Capital Left for Equity Investor										17.22
Dividend Payments										0.00
Total Cash In Flow										17.22
Invested Equity	41.17	34.58	29.05	24.40	20.50	17.22				
IRR	-16.00%									

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

<u>Value Creation</u>	
TBV Growth (equals sum of NI Year 1-5)	14.78
Cash Flow (Year 6-8)	9.48
	24.26

<u>Value Dilution</u>	
Debt	41.17
Goodwill	47.21
Additional Interest	16.48
	104.86