

Computer Sciences Corp (CSC)

Price:	\$31.39	Price/Book:	1.04	EV/EBITDA 5x TV:	\$49.27
Market Cap:	\$4,867,333,305	Price/Earnings:	-2.13	Net Tangible Asset TV:	\$24.11
Cash:	\$978,000,000	EV/EBITA:	2.17	SN Defined TV:	\$77.54
Debt:	\$3,265,000,000	EV/FCF:	10.65	Economic Value Added:	\$70.82
Net Cash:	-\$2,287,000,000	Net Tang. Asset/Share:	\$12.45	Year 5 Target:	\$55.44
Enterprise Value:	\$7,154,333,305	Avg. Year 1-5 FCF/Share:	\$5.34	Appreciation:	76.605%

The stock appreciated 18.5%, on strong earnings and a new CEO, Mike Lawrie. He was at IBM for 20+ years, comes from a UK health services related IT firm, Misys, which is key. CSC is involved in a contract dispute with a UK government arm, National Health Services. They had signed a contract to centralize information on every UK patient, but failed to perform the task by deadline. Also, the company is being audited by the SEC for accounting irregularities.

9 month ending revenue is flat YoY. Cash balance decreased from \$1.8BB to \$1 BB, and most of the cash went to paying down the \$1 BB line of credit, which is not reported in the balance sheet.

The stock was a laggard, along with EXM, for the past 3 months, but both have appreciated spectacularly in the past week. We will hold onto CSC until the recently built momentum in the market and stock loses steam. The company, on a standalone basis, is too risky, with the SEC audit and uncertainty with government contracts. For the long term, the company is a buy since the business fundamentals are solid. However, at the short-term, portfolio biased view, we would like to exit asap.

Dividend?

Dividend yield is 2.55%.

Price to Book

Price to book is 1.04. Price to book excluding goodwill is 2.52.

Cashflow Generation

Cashflows are \$1.8 BB from operating cashflow.

Capex is \$1 BB, minority interest payment is \$0 MM, intangibles are \$0 MM and dividend is \$0 MM.

Free cash flow is about \$800 MM.

6.0% EBITA margin and FCF yield is 13.8%.

The company has \$0.97 BB in cash/short term investment and \$3.3 BB in debt.

We are projecting a \$500.0 MM paydown annually.

Profitability

ROA is 4.4%, and ROC is 9.4%.

Bankruptcy Risk

Altman Z is at 2.59.

LBO?

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

Price

We are forecasting a \$55.00/share in Year 5, or a 76.6% holding return, or 12.1% annual return. Thus, the 1 year forecasted price is \$35.10.

The previous forecast was \$50.00/share in Year 5.

Computer Sciences Corporation (CSC) is engaged in the information technology (IT) and professional services industry. CSC offers an array of services to clients in the commercial and government markets and specializes in applying contemporary practices towards the employment of IT in order to achieve the strategic objectives of its customers. CSC's service offerings include IT and business process outsourcing, emerging services, such as cloud computing and cybersecurity protection, and a variety of other IT and professional services. The Company operates in three lines of business: North American Public Sector (NPS), Managed Services Sector (MSS), and Business Solutions and Services (BSS). In June 2011, the Company acquired VIXIA Consultoria e Tecnologia Ltda. In September 2011, the Company acquired Maricom Systems, Inc. In September 2011, it acquired AppLabs Technologies Private Limited.

Company Name:	Computer Sciences Corp	Market Capitalization:	\$4,867,333,305.36	Revenue:	\$16,200,000,000.00	100.0%
Ticker Symbol:	CSC	Total Debt:	\$3,265,000,000.00	Cost of Goods Sold:	\$13,080,000,000.00	80.7%
Last Price:	\$31.39	Total Cash:	\$978,000,000.00	Gross Profit:	\$3,120,000,000.00	19.3%
Net Cash/Share:	-\$14.75	Net Cash/(Debt):	-\$2,287,000,000.00	EBITDA:	\$1,900,000,000.00	11.7%
Net Cash to Last Price:	-46.99%	Enterprise Value:	\$7,154,333,305.36	Net Income:	-\$2,290,000,000.00	-14.1%
Shares Outstanding:	155,060,000	Current EV/Share:	\$46.14			
Industry:	Information Technology Services	EBITDA:	\$3,299,000,000.00			
Sector:	Technology	EV/EBITDA Multiple:	2.17	Balance Sheet		
Institutional Ownership:	87.36%	EV/EBITDA Multiple Average Year 1-5:	3.37	Cash:	\$978,000,000.00	
Mutual Fund Ownership:	2.13%	EV/FCF Multiple:	10.65	Short Term Investment:	\$0.00	
Insider Ownership:	1.03%	EV/FCF Multiple Average Year 1-5:	9.83	A/R:	\$3,965,000,000.00	
Retail Ownership:	8.45%			PP&E:	\$2,383,000,000.00	
Float:	98.97%			Assets:	\$13,181,000,000.00	
		Upper Range		A/P:	\$451,000,000.00	
		DCF: EV/EBITDA Terminal Value		Deferred Tax:	\$507,000,000.00	
				Other Liabilities:	\$4,419,000,000.00	
		Implied TV from 3 X EV/EBITDA Multiple	\$6,575,518,257.24	Short term Debt:	\$787,000,000.00	
				Long Term Debt:	\$2,478,000,000.00	
		Enterprise Value	\$6,575,518,257.24	Liabilities:	\$8,642,000,000.00	
		Cash at Year 5:	\$2,546,810,244.49	Retained Earnings:	\$3,539,000,000.00	
		Debt at Year 5:	\$1,482,000,000.00	Paid-In Capital:	\$2,320,000,000.00	
		Equity Value Year 5:	\$7,640,328,501.73	Treasury Stock:	-\$389,000,000.00	
		Equity/Share at Year 5:	\$49.27	Stockholder's Equity:	\$4,679,000,000.00	
		Annualized Return:	9.44%			
		Lower Range		Cash Flow		
		DCF: Net Tangible Asset excluding Cash/Debt Terminal Value		Net Income:	759,000,000.00	
				Depreciation/Amortization:	1,140,000,000.00	
		Year 5 Net Tangible Assets excluding cash and debt	\$2,673,000,000.00	Change in Working capital:	-426,000,000.00	
				Cash from Operating Activities:	1,564,000,000.00	
		Enterprise Value	\$2,673,000,000.00	Capital Expenditures:	-965,000,000.00	
		Cash at Year 5:	\$2,546,810,244.49	Cash from Investing Activities:	-892,000,000.00	
		Debt at Year 5:	\$1,482,000,000.00	Total Cash Dividends Paid:	-77,000,000.00	
		Equity Value Year 5:	\$3,737,810,244.49	Issuance (Retirement) of Stock:	8,000,000.00	
		Equity/Share at Year 5:	\$24.11	Issuance (Retirement) of Debt:	-1,586,000,000.00	
		Annualized Return:	-5.14%	Cash from Financing Activities:	-1,676,000,000.00	
		EVA				
		EVA today:	\$5,559,942,365.28	Profitability Margins		
		EVA in 5 Years:	\$9,916,797,074.42	Debt to Equity:	69.78%	
		EVA/Share:	\$63.95	Return on Assets:	5.36%	
		Cash at Year 5:	\$2,546,810,244.49	Return on Capital:	8.89%	
		Debt at Year 5:	\$1,482,000,000.00	Return on Equity:	15.09%	
		Equity Value Year 5:	\$10,981,607,318.91			
		Equity/Share at Year 5:	\$70.82			
		Annualized return	12.27%			
		Current Net Tangible Asset				
		Net Tangible Asset/Share:	\$12.45			
		Net Tangible Asset/Share in Year 5:	\$23.36			
		Annualized return	13.40%			
		Average EV to EBITDA:	N/A			
		Company EV to EBITDA:	2.17			
		Average EV to EBIT:	N/A			
		Company EV to EBITA:	7.39			
		Current Equity Price:	\$31.39			
		Selling at Discount?	Premium			
		Appreciation Potential:	-60.33%			
		Dividend Model				
		Next Year Dividend	\$143,779,124.70			
		WACC:	9.27%			
		Dividend:	\$124,048,000.00			
		Net Income:	-\$2,290,000,000.00			

2012-02-09

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LBO Analysis

WACC Terminal Value:	N/A	Intrinsic Price in 5 Years:	55.44	Non-LBO Forecast	Non-LBO Forecast
EV/EBITDA with 3X Multiple Terminal Value:	\$49.27	Market Price:	31.39	Year 1 Target	35.17
Net Tangible Asset Terminal Value:	\$24.11	LBO Price:	31.39	Year 2 Target	39.41
EV/EBITDA with Today's Multiple Terminal Value:	\$77.54	Premium to Market Price:	0.00%	Year 3 Target	44.16
EVA Enterprise Value:	\$70.82	LBO Price/Intrinsic Price Target:	12.05%	Year 4 Target	49.48
Dividend Discount Model:	(\$13.96)	LBO Price/EV/EBIT Exit Price:	10.06%	Year 5 Target	55.44
Average (Excluding Dividend Discount):	\$55.44	Implied IRR at today's EV/EBITDA:	19.83%	Implied IRR (Market Price):	12.05%
		5 Year Return:	76.60%		
				Desired Return Rate	20.00%
				Implied Today's Price	22.28
				Overvalued/(Undervalued)	40.90%

Current Evaluation				Exit Evaluation			
Current Market Price:	31.39	LBO Price:	31.39	Exit Price:	55.44	Exit Price:	77.54
Outstanding Shares:	155,060,000	Outstanding Shares:	155,060,000	Outstanding Shares:	155,060,000	Outstanding Shares:	155,060,000
Market Capitalization:	4,867,333,305	Market Capitalization:	4,867,333,400	Market Capitalization:	8,595,938,351	Market Capitalization:	12,024,007,340
Available Cash:	978,000,000	Available Cash:	978,000,000	Available Cash:	2,546,810,244	Available Cash:	2,546,810,244
Debt:	3,265,000,000	Debt:	3,265,000,000	Debt:	1,482,000,000	Debt:	1,482,000,000
Net Cash:	-2,287,000,000	Net Cash:	-2,287,000,000	Net Cash:	1,064,810,244	Net Cash:	1,064,810,244
Enterprise Value:	7,154,333,305	Enterprise Value:	7,154,333,400	Enterprise Value:	7,531,128,107	Enterprise Value:	10,959,197,095
Original EV/EBITDA:	7.39	EV/EBITDA:	7.39	EV/EBITDA at 5 Years:	7.59	EV/EBITDA at 5 Years:	5.00
Original EV/EBITDA:	2.17	EV/EBITDA:	3.39	EV/EBITDA at 5 Years:	4.12	EV/EBITDA at 5 Years:	5.00
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:	31.39	31.39	35.17	39.41	44.16	49.48	55.44
Shares Outstanding:	155,060,000	155,060,000	155,060,000	155,060,000	155,060,000	155,060,000	155,060,000
Market Capitalization:	4,867,333,400	4,867,333,400	5,453,703,646	6,110,714,227	6,846,875,223	7,671,721,927	8,595,938,351
Available Cash:	978,000,000	978,000,000	1,032,675,836	1,309,167,348	1,637,728,694	2,018,616,571	2,546,810,244
Debt:	3,265,000,000	3,265,000,000	3,382,000,000	3,882,000,000	2,382,000,000	1,882,000,000	1,482,000,000
Net Cash:	-2,287,000,000	-2,287,000,000	-2,349,324,164	-1,572,832,652	-744,271,306	136,616,571	1,064,810,244
Enterprise Value:	7,154,333,400	7,154,333,400	7,803,027,810	7,683,546,879	7,591,146,530	7,535,105,356	7,531,128,107
EBIT	968,000,000	968,000,000	906,314,600	927,377,746	948,651,523	970,138,039	991,839,419
EV/EBIT:	7.39	7.39	8.61	8.29	8.00	7.77	7.59
EBITDA	2,108,000,000	2,108,000,000	2,057,714,600	2,090,291,746	2,123,194,663	2,156,426,610	2,189,990,876
EV/EBITDA:	3.39	3.39	3.79	3.68	3.58	3.49	3.44

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	31.39	31.39	28.05	34.06	40.42	47.12	54.14
Shares Outstanding:	155,060,000	155,060,000	155,060,000	155,060,000	155,060,000	155,060,000	155,060,000
Market Capitalization:	4,867,333,400	4,867,333,400	4,349,102,296	5,281,268,157	6,267,060,594	7,306,751,873	8,395,336,984
Available Cash:	978,000,000	978,000,000	1,032,675,836	1,309,167,348	1,637,728,694	2,018,616,571	2,546,810,244
Debt:	3,265,000,000	3,265,000,000	3,382,000,000	2,882,000,000	2,382,000,000	1,882,000,000	1,482,000,000
Net Cash:	-2,287,000,000	-2,287,000,000	-2,349,324,164	-1,572,832,652	-744,271,306	136,616,571	1,064,810,244
Enterprise Value:	7,154,333,400	7,154,333,400	6,698,426,460	6,854,100,808	7,011,331,900	7,170,135,303	7,330,526,739
EBIT	968,000,000	968,000,000	906,314,600	927,377,746	948,651,523	970,138,039	991,839,419
EV/EBIT:	7.39	7.39	7.39	7.39	7.39	7.39	7.39
EBITDA	2,108,000,000	2,108,000,000	2,057,714,600	2,090,291,746	2,123,194,663	2,156,426,610	2,189,990,876
EV/EBITDA:	3.39	3.39	3.26	3.28	3.30	3.33	3.35

LBO Price	31.39	Equity Partners:	7,446,333,400	Weighting	100.00%	Annualized Return for Equity Partners: 10.06%
Shares Outstanding	155,060,000	Debt Partners:	0	0.00%		
Market Capitalization	4,867,333,400	Total Funds for LBO:	7,446,333,400	100.00%		
Debt	2,579,000,000					
Cash	978,000,000					
Enterprise Value	6,468,333,400					
Capital Investment	7,446,333,400					

Book Value	Enterprise Value	Stock Valuation	Debt Reduction
Beginning Book Value	4,679.00	Current Market Price	Starting Debt
Year 5 Book Value	7,944.51	Year 5 Market Price	Debt Repayment
Annualized Return	11.17%	Annualized Return	19.83%
			Year 5 Ending Debt
			% of Starting Debt
			3.15%

SN VALUATION

LBO Pro Forma Income Statement

Name:

Computer Sciences Corp

Ticker:

CSC

	Historical				Forecasted				
	12 months ending 2008-03-28	12 months ending 2009-04-03	12 months ending 2010-04-02	12 months ending 2011-04-01	2011	2012	2013	2014	2015
Revenue	16,500.00	16,432.00	15,921.00	16,042.00	16,202.42	16,364.44	16,528.09	16,693.37	16,860.30
COGS	13,150.00	13,000.00	12,618.00	12,925.00	13,123.96	13,255.20	13,387.75	13,521.63	13,656.85
Gross margin	3,350.00	3,432.00	3,303.00	3,117.00	3,078.46	3,109.24	3,140.34	3,171.74	3,203.46
SG&A	975.00	1,071.00	981.00	965.00	972.15	981.87	981.69	1,001.60	1,011.62
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	139.00	4.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	-2.00	-10.00	-7.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Included within COGS	1,304.00	1,409.00	1,310.00	1,191.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00
Operating Income (EBITA)	932.00	950.00	1,022.00	968.00	906.31	927.38	948.65	970.14	991.84
Interest income/(expense)	0.00	0.00	0.00	0.00	-189.23	-149.23	-109.23	-69.23	-37.23
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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income before tax	932.00	950.00	1,022.00	968.00	717.08	778.15	839.42	900.91	954.61
Tax	373.00	-173.00	192.00	243.00	243.81	264.57	285.40	306.31	324.57
Income after tax	559.00	1,123.00	830.00	725.00	473.28	513.58	554.02	594.60	630.04
Minority Interest	-14.00	-8.00	-17.00	-19.00	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	545.00	1,115.00	813.00	706.00	473.28	513.58	554.02	594.60	630.04
*Figures are in millions (\$)									
EPS (based off today's share count)	\$3.51	\$7.19	\$5.24	\$4.55	\$3.05	\$3.31	\$3.57	\$3.83	\$4.06
P/E (historical today's price; forecasted intrinsic price)	8.93	4.37	5.99	6.89	11.52	11.90	12.36	12.90	13.64
Revenue Growth	N/A	-0.41%	-3.11%	0.76%	1.00%	1.00%	1.00%	1.00%	1.00%
Tax Rate	40.02%	-18.21%	18.79%	25.10%	34.00%	34.00%	34.00%	34.00%	34.00%
Implied Debt Interest Rate	0.00%	0.00%	0.00%	0.00%	-7.64%	-7.54%	-7.39%	-7.08%	-7.79%
Margins									
COGS	79.70%	79.11%	79.25%	80.57%	81.00%	81.00%	81.00%	81.00%	81.00%
Gross margin	20.30%	20.89%	20.75%	19.43%	19.00%	19.00%	19.00%	19.00%	19.00%
SG&A	5.91%	6.52%	6.16%	6.02%	6.00%	6.00%	6.00%	6.00%	6.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.84%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	-0.01%	-0.06%	-0.04%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Included within COGS	7.90%	8.57%	8.23%	7.42%	7.41%	7.33%	7.26%	7.19%	7.12%
Operating Income (EBITA)	5.65%	5.78%	6.42%	6.03%	5.59%	5.67%	5.74%	5.81%	5.88%
Interest income/(expense)	0.00%	0.00%	0.00%	0.00%	-1.17%	-0.91%	-0.66%	-0.41%	-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	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	5.65%	5.78%	6.42%	6.03%	4.43%	4.76%	5.08%	5.40%	5.66%
Tax	2.26%	-1.05%	1.21%	1.51%	1.50%	1.62%	1.73%	1.83%	1.93%
Income after tax	3.39%	6.83%	5.21%	4.52%	2.92%	3.17%	3.42%	3.67%	3.89%
Minority Interest	-0.08%	-0.05%	-0.11%	-0.12%	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	3.30%	6.79%	5.11%	4.40%	2.92%	3.14%	3.35%	3.56%	3.74%

SN VALUATION

LBO Adjusted Proforma Balance Sheet

	As of 2008-03-28	As of 2009-04-03	As of 2010-04-02	As of 2011-04-01	As of 2011-09-30	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	698.90	2,297.30	2,784.00	1,837.00	978.00			978.00	1,032.68	1,309.17	1,637.73	2,018.62	2,546.81
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	698.90	2,297.30	2,784.00	1,837.00	978.00			978.00	1,032.68	1,309.17	1,637.73	2,018.62	2,546.81
Accounts Receivable	4,564.70	3,786.40	3,660.00	3,547.00	3,965.00			3,965.00	3,965.00	3,965.00	3,965.00	3,965.00	3,965.00
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	4,564.70	3,786.40	3,660.00	3,547.00	3,965.00			3,965.00	3,965.00	3,965.00	3,965.00	3,965.00	3,965.00
Total Inventory	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	1,764.50	1,623.50	1,789.00	2,001.00	1,733.00			1,733.00	1,733.00	1,733.00	1,733.00	1,733.00	1,733.00
Other Current Assets	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current Assets	7,028.10	7,707.20	8,233.00	7,385.00	6,676.00	0.00	0.00	6,676.00	6,730.68	7,007.17	7,335.73	7,716.62	8,244.81
PP&E, Gross	6,260.00	5,770.20	5,972.00	6,548.00	6,418.00			6,418.00	7,418.00	8,418.00	9,418.00	10,418.00	11,418.00
Change in Depreciation		1,270.00	1,156.00	1,140.00	1,140.00			1,140.00	1,151.40	1,162.91	1,174.54	1,186.29	1,198.15
Accumulated Depreciation	3,495.40	3,417.20	3,731.00	4,035.00	4,035.00			4,035.00	5,186.40	6,349.31	7,523.86	8,710.15	9,908.30
PP&E, Net	2,764.60	2,353.00	2,241.00	2,513.00	2,383.00			2,383.00	2,231.60	2,068.69	1,894.14	1,707.85	1,509.70
Goodwill	3,975.20	3,783.60	3,866.00	4,038.00	1,786.00	0.00		1,786.00	1,786.00	1,786.00	1,786.00	1,786.00	1,786.00
Intangibles	1,692.40	1,361.70	1,316.00	1,380.00	1,610.00			1,610.00	1,610.00	1,610.00	1,610.00	1,610.00	1,610.00
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	419.40	413.20	610.00	649.00	726.00			726.00	726.00	726.00	726.00	726.00	726.00
Long Term Assets	8,851.60	7,911.50	8,033.00	8,580.00	6,505.00			6,505.00	6,353.60	6,190.69	6,016.14	5,829.85	5,631.70
Total Assets	15,879.70	15,618.70	16,266.00	15,965.00	13,181.00	0.00	0.00	13,181.00	13,084.28	13,197.85	13,351.87	13,546.47	13,876.51
Accounts Payable	798.10	636.50	409.00	517.00	451.00			451.00	451.00	451.00	451.00	451.00	451.00
Accrued Expense	2,565.30	2,085.30	2,165.00	2,108.00	1,917.00			1,917.00	1,917.00	1,917.00	1,917.00	1,917.00	1,917.00
Other current Liabilities	1,493.40	1,232.50	1,473.00	1,383.00	919.00			919.00	919.00	919.00	919.00	919.00	919.00
Total Current Liabilities	4,856.80	3,954.30	4,047.00	4,008.00	3,287.00	0.00	0.00	3,287.00	3,287.00	3,287.00	3,287.00	3,287.00	3,287.00
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	0.00			0.00	617.00	617.00	617.00	617.00	617.00
Current port. Of LT Debt/Capital Leases	838.40	61.90	75.00	170.00	787.00			787.00	787.00	787.00	787.00	787.00	787.00
Long term Debt	2,635.30	4,172.60	3,669.00	2,409.00	2,478.00	0.00	0.00	2,478.00	1,978.00	1,478.00	978.00	478.00	78.00
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	3,473.70	4,234.50	3,744.00	2,579.00	3,265.00	0.00	0.00	3,265.00	3,382.00	2,882.00	2,382.00	1,882.00	1,482.00
Deferred Income tax	1,235.60	485.60	550.00	511.00	507.00			507.00	507.00	507.00	507.00	507.00	507.00
Minority Interest	0.00	108.00	62.00	56.00	57.00			57.00	57.00	57.00	57.00	57.00	57.00
Other liabilities	851.80	1,326.40	1,606.00	1,462.00	1,526.00			1,526.00	1,526.00	1,526.00	1,526.00	1,526.00	1,526.00
Total Liabilities	10,417.90	10,108.80	10,009.00	8,616.00	8,642.00	0.00	0.00	8,642.00	8,759.00	8,259.00	7,759.00	7,259.00	6,859.00
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	159.20	159.70	162.00	163.00	164.00		0.00	164.00	164.00	164.00	164.00	164.00	164.00
Additional Paid-in capital	1,770.90	1,836.30	2,006.00	2,120.00	2,156.00	0.00	0.00	2,156.00	2,156.00	2,156.00	2,156.00	2,156.00	2,156.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	100.00	200.00	300.00	400.00	500.00
Retained Earnings	3,801.90	4,892.40	5,709.00	6,296.00	3,539.00		0.00	3,539.00	4,012.28	4,525.85	5,079.87	5,674.47	6,304.51
Treasury Stock	-370.80	-374.60	-379.00	-385.00	-389.00			-389.00	-389.00	-389.00	-389.00	-389.00	-389.00
Other Equity	100.60	-1,003.90	-1,052.00	-690.00	-791.00		0.00	-791.00	-791.00	-791.00	-791.00	-791.00	-791.00
Total Equity	5,461.80	5,509.90	6,446.00	7,504.00	4,679.00	0.00	0.00	4,679.00	5,252.28	5,865.85	6,519.87	7,214.47	7,944.51
Liability + Equity	15,879.70	15,618.70	16,455.00	16,120.00	13,321.00	0.00	0.00	13,321.00	14,011.28	14,124.85	14,278.87	14,473.47	14,803.51
Variance	0.00	0.00	-189.00	-155.00	-140.00			-140.00	-927.00	-927.00	-927.00	-927.00	-927.00
Debt/Equity	0.64	0.77	0.58	0.34	0.70			0.70	0.64	0.49	0.37	0.26	0.19
Inventory Turnover	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Inventory Turnover Days	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Days Inventory Outstanding	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable Turnover	3.61	4.34	4.35	4.52	4.09			4.05	4.09	4.13	4.17	4.21	4.25
Accounts Receivable Turnover Days	100.98	84.11	83.91	80.70	89.32			90.21	89.32	88.44	87.56	86.69	85.84
Days Payable Outstanding	22.15	17.87	11.83	14.60	12.54			12.74	12.54	12.42	12.30	12.17	12.05
Days Sales Outstanding	100.98	84.11	83.91	80.70	89.32			80.70	90.21	89.32	88.44	87.56	86.69
Cash Conversion Cycle	78.82	66.24	72.08	66.10	76.78			67.97	77.67	76.90	76.14	75.39	74.64

SN VALUATION

LBO Adjusted Proforma Cash Flow

	12 months ending 2008-03-28	12 months ending 2009-04-03	12 months ending 2010-04-02	12 months ending 2011-04-01	2011	2012	2013	2014	2015
Net Income	559.00	1,123.00	834.00	759.00	473.28	513.58	554.02	594.60	630.04
Depreciation	1,286.00	1,270.00	1,156.00	1,140.00	1,151.40	1,162.91	1,174.54	1,186.29	1,198.15
Net Income + Depreciation	1,845.00	2,393.00	1,990.00	1,899.00	1,624.68	1,676.49	1,728.56	1,780.89	1,828.19
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	-65.00	247.00	8.00	100.00	0.00	0.00	0.00	0.00	0.00
Non Cash Items	63.00	231.00	63.00	-9.00	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-500.00	-885.00	-418.00	-426.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	778.30	126.40	113.00	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	141.00	-165.50	-212.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-161.60	-227.50	108.00	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	1,343.00	1,986.00	1,643.00	1,564.00	1,624.68	1,676.49	1,728.56	1,780.89	1,828.19
Capital Expenditures Expenditures	-1,214.00	-1,027.00	-927.00	-965.00	-1,000.00	-1,000.00	-1,000.00	-1,000.00	-1,000.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Expenditures Proceeds	-1,505.00	-11.00	137.00	73.00	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-2,719.00	-1,038.00	-790.00	-892.00	-1,000.00	-1,000.00	-1,000.00	-1,000.00	-1,000.00
Financing Cash flow items	23.00	0.00	-40.00	-21.00	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	-77.00	-100.00	-100.00	-100.00	-100.00	-100.00
Issuance (Retirement) of Stock	-927.00	9.00	97.00	8.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	-170.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	1,902.00	733.00	-544.00	-1,586.00	-500.00	-500.00	-500.00	-500.00	-400.00
Cash from Financing Activities	998.00	742.00	-487.00	-1,676.00	-570.00	-400.00	-400.00	-400.00	-300.00
Foreign Exchange effect	27.00	-92.00	121.00	57.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	1,049.90	698.90	2,297.30	2,784.00	978.00	1,032.68	1,309.17	1,637.73	2,018.62
Net Change in Cash	-351.00	1,598.00	487.00	-947.00	54.68	276.49	328.56	380.89	528.19
Ending Cash Balance	698.90	2,297.30	2,784.30	1,837.00	1,032.68	1,309.17	1,637.73	2,018.62	2,546.81
Depreciation to Sales	7.79%	7.73%	7.26%	7.11%	7.11%	7.11%	7.11%	7.11%	7.11%
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	27.66%	23.04%	22.99%	22.11%	21.89%	21.68%	21.46%	21.25%	21.04%
Distributable FCF Yield	-19.23%	13.25%	11.92%	9.39%	8.73%	9.46%	10.18%	10.91%	11.58%
Dividend Yield	0.00%	0.00%	0.00%	-1.58%	-2.05%	-2.05%	-2.05%	-2.05%	-2.05%
FCF (Ops-Investing-Dividends)	-1,376.00	948.00	853.00	749.00	724.68	776.49	828.56	880.89	928.19

SN VALUATION

LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	-947.00	54.68	276.49	328.56	380.89	528.19
Current Portion Debt Repayment		170.00				
Long Term Debt Repayment		500.00	500.00	500.00	500.00	400.00
Outstanding Debt	3265.00	2595.00	2095.00	1595.00	1095.00	695.00
Current Portion Debt Balance	787.00	617.00	617.00	617.00	617.00	617.00
Long Term Debt Balance	2478.00	1978.00	1478.00	978.00	478.00	78.00
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		207.60	167.60	127.60	87.60	55.60
Cash Balance		1837.00				
Interest @ 1.0%		18.37	18.37	18.37	18.37	18.37
Net Interest Expense/(Income)		189.23	149.23	109.23	69.23	37.23
Net Interest Rate		7.64%	7.54%	7.39%	7.08%	7.79%
EBITDA		906.31	927.38	948.65	970.14	991.84
EBITDA/Interest Expense Coverage		4.37	5.53	7.43	11.07	17.84

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Computer Sciences Corp

Ticker:

CSC

Period	2007	2008	2009	2010	2011	2012	2013	2014	2015
Working Capital	2,171.30	3,752.90	4,186.00	3,389.00	3,443.68	3,720.17	4,048.73	4,429.62	4,957.81
Total Assets	15,879.70	15,618.70	16,266.00	13,181.00	13,084.28	13,197.85	13,351.87	13,546.47	13,876.51
X1	0.14	0.24	0.26	0.26	0.26	0.28	0.30	0.33	0.36
Retained Earnings	3,801.90	4,892.40	5,709.00	3,539.00	4,012.28	4,525.85	5,079.87	5,674.47	6,304.51
Total Assets	15,879.70	15,618.70	16,266.00	13,181.00	13,084.28	13,197.85	13,351.87	13,546.47	13,876.51
X2	0.24	0.31	0.35	0.27	0.31	0.34	0.38	0.42	0.45
EBITDA	2,236.00	2,359.00	2,332.00	2,159.00	2,106.31	2,127.38	2,148.65	2,170.14	2,191.84
Total Assets	15,879.70	15,618.70	16,266.00	13,181.00	13,084.28	13,197.85	13,351.87	13,546.47	13,876.51
X3	0.14	0.15	0.14	0.16	0.16	0.16	0.16	0.16	0.16
Market Value of Equity	4,867.33	4,867.33	4,867.33	4,867.33	5,453.70	6,110.71	6,846.88	7,671.72	8,595.94
Total Liabilities	10,417.90	10,108.80	10,009.00	8,642.00	8,759.00	8,259.00	7,759.00	7,259.00	6,859.00
X4	0.47	0.48	0.49	0.56	0.62	0.74	0.88	1.06	1.25
Net Sales	16,500.00	16,432.00	15,921.00	16,042.00	16,202.42	16,364.44	16,528.09	16,693.37	16,860.30
Total Assets	15,879.70	15,618.70	16,266.00	13,181.00	13,084.28	13,197.85	13,351.87	13,546.47	13,876.51
X5	1.04	1.05	0.98	1.22	1.24	1.24	1.24	1.23	1.22
Altman Z Score	2.28	2.57	2.54	2.78	2.89	3.03	3.19	3.37	3.55

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

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 3 2012	0.17	0.19	-9.67%	Error
Case-Shiller Home Price Index: National	Sep 2011	127.78	129.35	-1.21%	-0.0395
Philly Fed Manufacturing Activity Index	Jan 2012	7.3	6.80	7.35%	-0.578
Philly Fed Manufacturing Future Activity Index	Jan 2012	49	40.00	22.50%	0.0294
US Average Claims for Unemployment Insurance	Jan 21 2012	3530	3572.874494	-1.20%	-0.1204
US Average Initial Claims for Unemployment Insurance	Jan 28 2012	375.75K	N/A	-0.53%	-0.1226
US Industrial Production Index	Nov 2011	94.83	95.04	-0.22%	0.0374
US Initial Claims for Unemployment Insurance	Jan 28 2012	367.00K	N/A	-3.17%	-0.1716
US Producer Price Index	Dec 2011	192.6	192.79	-0.10%	0.0484
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	Dec 2011	357980000	357,944,206	0.01%	0.0627
US Total Business Inventories	Nov 2011	1.55T	N/A	0.32%	0.0855
US Total Business Inventory/Sales Ratio	Nov 2011	1.27	1.27	0.00%	-0.0078
US Total Business Sales	Nov 2011	1.22T	N/A	0.31%	0.096
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	192.6
US Initial Claims for Unemployment Insurance	367.00K
US 30 Year Mortgage Rate	3.87%
US Average Claims for Unemployment Insurance	3,530
US Retail Sales	357,980,000
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	226.75
US Consumer Sentiment	71.5
US Housing Starts	657.00K

Korea Key Indicators

	Period	Value	Chg from 1 Year
Gold Price in Korean Won	Feb 3 2012	1,939,046	30.73%
Korea Change in Stocks	Sep 2011	3.3	230.00%
Korea Consumer Price Index	Dec 2011	122.13	4.16%
Korea Core Consumer Price Index	Dec 2011	117.45	2.68%
Korea Core Inflation Rate	Oct 2011	0.0315	68.28%
Korea GDP	Sep 2011	310.1	5.30%
Korea Inflation Rate	Oct 2011	0.039	-3.90%
Korea Manufacturing Producer Price Index	Nov 2011	125.69	6.71%
Korea Misery Index	Oct 2011	7	-7.39%
Korea Real GDP Growth	Sep 2011	0.0349	-20.14%
Korea Unemployment Rate	Nov 2011	0.031	-3.12%

Source: Ycharts.com

2012-02-09