

CSS Industries (CSS)

Price:	\$25.78	Net Tang. Bk Value Incl. Cash, Excl.	\$234,430,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$290,523,862.50
Market Cap:	\$245,167,800	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$18,049,772.50
Cash:	\$67,040,000	NTBVIC/Market Downside Recovery:	95.62%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$0	Op. Cash Flow:	\$18,049,773	Year 5 Disposition Price:	\$344,673,180.00
Net Cash:	\$67,040,000	Implied Years to Fill Gap:	0.59		
Enterprise Value:	\$178,127,800	Today's Equity if 5x Op. CF:	\$288,579,318		
		Net Tang. Book+ Gain Disposition:			\$344,673,180.00
Shares Outstanding:	9,510,000	IRR:			7.05%
		Price:			\$36.24
		Target Market Cap:			\$344,673,180
		Target Enterprise Value:			\$277,633,180

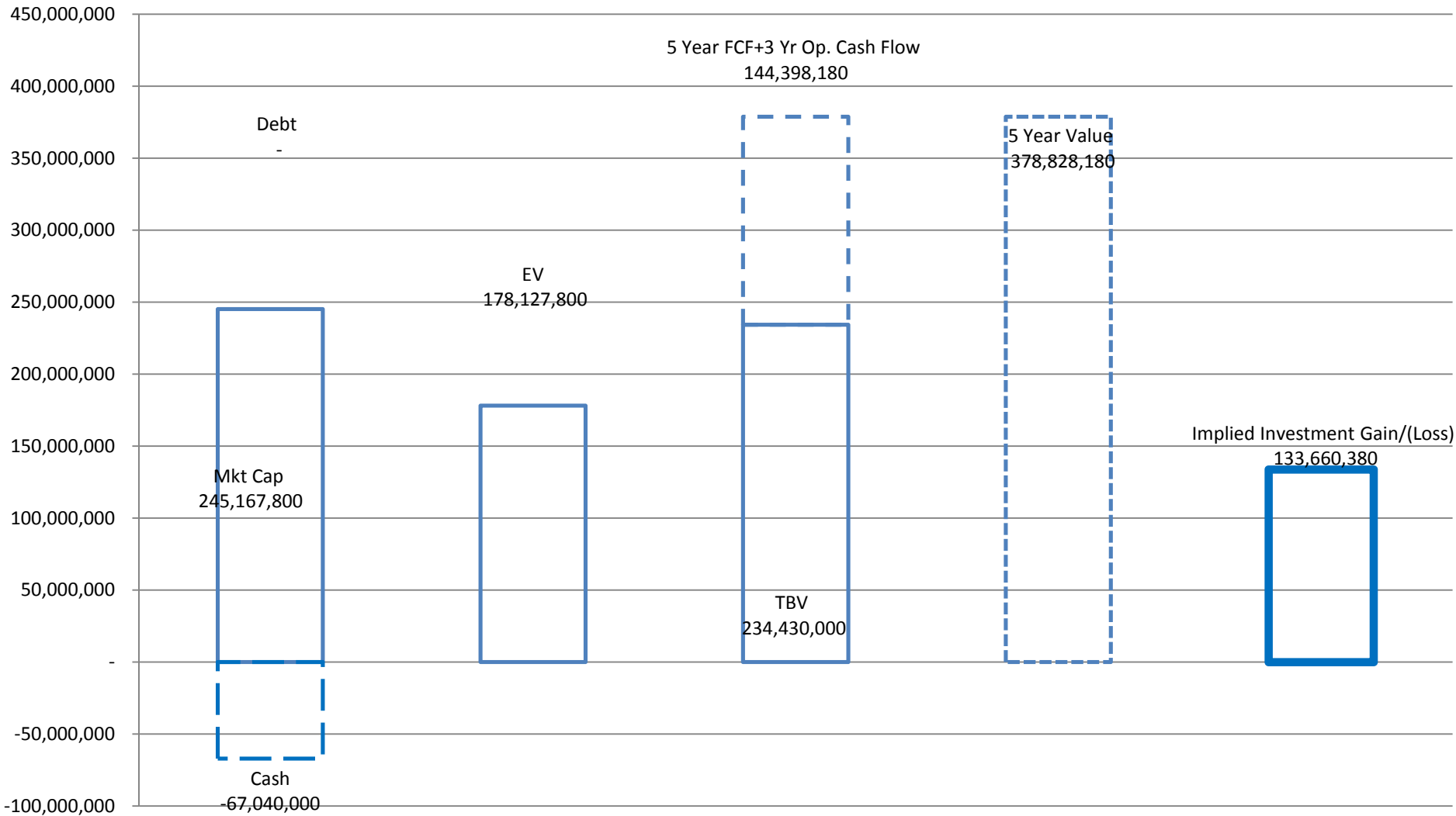
* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

95% downside protection, zero debt, 2.5% dividend yield, \$20MM op cash flow, \$5MM cap ex, \$5MM dividend, \$5MM in stock buybacks.

T. Rowe Price, Royce Associates, DFA, Blackrock has 15%, 14%, 8%, 5% of shares.

Co. makes and distributes bows, ribbons, seasonal ornaments, stickers, stationary from 10 domestic factories/distribution cents, and the remainder are imported from Asia. 64% of sales items were imported from Asia. Walmart and Target sales were 27% and 13% of business. Recently, sold their Halloween business which generated \$30MM in revenue for a net \$1.7MM.

Co. essentially imports cheap stationary and seasonal products, sells them to retail chains like Walmart. It is a simple business and the Co. generates ample cash along the process. The variable for us is the product line dispositions which affects top line figures. We projected a 10% sales reduction, to remove the Halloween products from the annual sales figures. Even with the reduction, the Co. generates \$18MM in op. cash flow and we will add the stock in our portfolio.



CSS Industries, Inc. was incorporated in Delaware. It is a consumer products Company engaged in the design, manufacture, procurement, distribution and sale of seasonal and all occasion social expression products. These seasonal and all occasion products include decorative ribbons and bows, boxed greeting cards, gift tags, gift wrap, gift bags, gift boxes, gift card holders, decorative tissue paper, decorations, classroom exchange Valentines, floral accessories, Halloween masks, costumes, make-up and novelties, Easter egg dyes and novelties, craft and educational products, stickers, memory books, stationery, journals, notecards, infant and wedding photo albums, scrapbooks, and other gift items that commemorate life's celebrations. CSS' product breadth provides its retail customers the opportunity to use a single vendor for much of their seasonal product requirements. The Company's products are manufactured, packaged and/or warehoused in ten facilities located in the United States, with the remainder purchased from manufacturers in Asia and Mexico. The Company's products are sold to its customers by national and regional account sales managers, sales representatives, and product specialists and by a network of independent manufacturers' representatives. CSS continually invests in product and packaging design and product knowledge to assure that it can continue to provide unique added value to its customers. The brands include Paper Magic®, Berwick®, Offray®, Cleo®, C.R. Gibson®, Lion Ribbon Company®, Markings®, Creative Papers®, Tapestry®, Seastone®, Dudley's®, Don Post Studios®, Eureka®, Learning Playground®, Stickerfitti® and iota®. The Company competes with various domestic and foreign companies in each of its product offerings. Its competitors are American Greetings Corporation and Hallmark Cards, Incorporated. The Company's business is subject to numerous federal, state, provincial, local and foreign laws and regulations, including laws and regulations with respect to labor and employment, product safety, including regulations enforced by the United States Consumer Products Safety Commission, import and export activities, the Internet and e-commerce, antitrust issues, taxes, chemical usage, air emissions, wastewater and storm water discharges and the generation, handling, storage, transportation, treatment and disposal of waste materials, including hazardous materials.

Company Name:	CSS Industries	Market Capitalization:	\$245,167,800.00	Revenue:	\$350,240,000.00	100.0%
Ticker Symbol:	CSS	Total Debt:	\$0.00	Cost of Goods Sold:	\$241,150,000.00	68.9%
Last Price:	\$25.78	RCH Total Cash:	\$67,040,000.00	Gross Profit:	\$109,090,000.00	31.1%
Net Cash/Share:	\$7.05	Net Cash/(Debt):	\$67,040,000.00	EBITDA:	\$36,090,000.00	10.3%
Net Cash to Last Price:	27.34%	Enterprise Value:	\$178,127,800.00	Net Income:	\$14,790,000.00	4.2%
Shares Outstanding:	9,510,000	Current EV/Share:	\$18.73			
Industry:	Specialty Retail	EBITDA:	\$30,170,000.00			
Sector:	Consumer Cyclical	EV/EBITDA Multiple:	5.90	Balance Sheet		
		EV/EBITDA Multiple Average Year 1-5:	7.67	Cash:	\$67,040,000.00	
Institutional Ownership:	83.75%	EV/FCF Multiple (excluding acquisition):	7.02	Short Term Investment:	\$0.00	
Mutual Fund Ownership:	51.00%	EV/FCF Multiple Average Year 1-5 (excluding acquisition):	13.65	A/R:	\$43,000,000.00	
Insider Ownership:	9.34%			PP&E:	\$28,000,000.00	
Float:	64.00%			Assets:	\$291,190,000.00	
		Upper Range		A/P:	\$13,000,000.00	
		DCF: EV/EBITDA Terminal Value		Deferred Tax:	\$0.00	
				Other Liabilities:	\$29,640,000.00	
Technicals		Implied TV from 3 X EV/EBITDA Multiple	\$49,165,650.00	Short term Debt:	\$0.00	
52 week low:	\$18.14	Enterprise Value	\$49,165,650.00	Long Term Debt:	\$0.00	
Today from 52 week low:	42.12%	Cash at Year 5:	\$132,288,862.50	Liabilities:	\$42,640,000.00	
52 week high:	\$31.50	Debt at Year 5:	\$0.00	Retained Earnings:	\$338,000,000.00	
Today from 52 week high:	22.19%	Equity Value Year 5:	\$181,454,512.50	Paid-In Capital:	\$51,470,000.00	
Analyst/Consensus		Equity/Share at Year 5:	\$19.08	Treasury Stock:	-\$140,000,000.00	
Analyst Sales Growth FY1:	N/A	Annualized Return:	-5.84%	Stockholder's Equity:	\$249,430,000.00	
Analyst Sales Growth FY2:	N/A					
SN Valuation Estimate FY1:	-10.00%	Lower Range		Cash Flow		
SN Valuation Estimate FY2:	0.00%	DCF: Net Tangible Asset excluding Cash/Debt Terminal Value		Net Income:	15,230,000.00	
		Year 5 Net Tangible Assets excluding cash and debt	\$119,420,000.00	Depreciation/Amortization:	7,590,000.00	
Analyst Earnings Estimate FY1:	N/A	Enterprise Value	\$119,420,000.00	Change in Working capital:	3,470,000.00	
Analyst Earnings Estimate FY2:	N/A	Cash at Year 5:	\$132,288,862.50	Cash from Operating Activities:	29,860,000.00	
SN Valuation Earnings Est. FY1:	\$1.18	Debt at Year 5:	\$0.00	Capital Expenditures:	-4,490,000.00	
SN Valuation Earnings Est. FY2:	\$1.18	Equity Value Year 5:	\$251,708,862.50	Cash from Investing Activities:	1,780,000.00	
Multiples		Equity/Share at Year 5:	\$26.47	Total Cash Dividends Paid:	-5,730,000.00	
Market Value to Book:	0.98	Annualized Return:	0.53%	Issuance (Retirement) of Stock:	-4,670,000.00	
EV to Book:	0.71			Issuance (Retirement) of Debt:	0.00	
Market Value to Tangible Net Assets:	2.05	EVA		Cash from Financing Activities:	-10,670,000.00	
P/E Ratio:	16.58	EVA today:	\$237,541,383.75			
Trailing P/E Ratio:	17.23	EVA in 5 Years:	\$175,409,121.42	Profitability Margins		
Forward P/E Ratio:	N/A	EVA/Share:	\$18.44	Debt to Equity:	0.00%	
Beta:	1.04	Cash at Year 5:	\$132,288,862.50	Return on Assets:	5.35%	
Dividend:	0.60	Debt at Year 5:	\$0.00	Return on Capital:	6.25%	
Dividend Yield:	2.29%	Equity Value Year 5:	\$307,697,983.92	Return on Equity:	6.25%	
Dividend Date:	Jun 16, 2013	Equity/Share at Year 5:	\$32.36			
Ex-Dividend Date:	Aug 28, 2013	Annualized return:	-5.88%			
Competitors						
Average EV to EBITDA:	N/A	Current Net Tangible Asset				
Company EV to EBITDA:	5.90	Net Tangible Asset/Share:	\$21.61			
		Net Tangible Asset/Share in Year 5:	\$27.51			
Average EV to EBIT:	N/A	Annualized return:	4.94%			
Company EV to EBITA:	7.87					
		Current Equity Price:	\$25.78			
		Selling at Discount?	Premium			
		Appreciation Potential:	-16.16%			

SN VALUATION

LBO Pro Forma Income Statement

Name:

CSS Industries

Ticker:

CSS

	Historical				Forecasted				
	12 months ending 2010-03-31	12 months ending 2011-03-31	12 months ending 2012-03-31	12 months ending 2013-03-31	2013	2014	2015	2016	2017
Revenue	375.71	383.66	384.66	364.19	327.77	327.77	327.77	327.77	327.77
COGS	266.31	269.08	273.21	255.10	232.72	232.72	232.72	232.72	232.72
Gross margin	109.40	114.58	111.45	109.09	95.05	95.05	95.05	95.05	95.05
SG&A	87.07	86.03	84.99	86.42	78.67	78.67	78.67	78.67	78.67
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	44.52	0.48	0.71	0.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	-0.49	-0.12	0.31	0.09	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)	-21.70	28.19	25.44	22.58	16.39	16.39	16.39	16.39	16.39
Interest income/(expense)	0.00	0.00	0.00	0.00	0.87	0.87	0.87	0.87	0.87
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	-23.59	26.84	25.25	22.64	17.26	17.26	17.26	17.26	17.26
Tax	-4.61	9.65	9.02	7.05	6.04	6.04	6.04	6.04	6.04
Income after tax	-18.98	17.19	16.23	15.59	11.22	11.22	11.22	11.22	11.22
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	-18.98	17.19	16.23	15.59	11.22	11.22	11.22	11.22	11.22
*Figures are in millions (\$)									
EPS (based off today's share count)	-\$2.00	\$1.81	\$1.71	\$1.64	\$1.18	\$1.18	\$1.18	\$1.18	\$1.18
P/E (historical today's price; forecasted intrinsic price)	-12.92	14.26	15.11	15.73	23.39	25.04	26.81	28.70	30.72
Revenue Growth	N/A	2.12%	0.26%	-5.32%	-10.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	19.54%	35.95%	35.72%	31.14%	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	70.88%	70.14%	71.03%	70.05%	71.00%	71.00%	71.00%	71.00%	71.00%
Gross margin	29.12%	29.86%	28.97%	29.95%	29.00%	29.00%	29.00%	29.00%	29.00%
SG&A	23.17%	22.42%	22.09%	23.73%	24.00%	24.00%	24.00%	24.00%	24.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	11.85%	0.13%	0.18%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	-0.13%	-0.03%	0.08%	0.02%	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)	-5.78%	7.35%	6.61%	6.20%	5.00%	5.00%	5.00%	5.00%	5.00%
Interest income/(expense)	0.00%	0.00%	0.00%	0.00%	0.27%	0.27%	0.27%	0.27%	0.27%
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	-6.28%	7.00%	6.56%	6.22%	5.27%	5.27%	5.27%	5.27%	5.27%
Tax	-1.23%	2.52%	2.34%	1.94%	1.84%	1.84%	1.84%	1.84%	1.84%
Income after tax	-5.05%	4.48%	4.22%	4.28%	3.42%	3.42%	3.42%	3.42%	3.42%
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	-5.05%	4.48%	4.22%	4.28%	3.42%	3.42%	3.42%	3.42%	3.42%

						Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	As of 2010-03-31	As of 2011-03-31	As of 2012-03-31	As of 2013-03-31	As of 2013-06-30	+	-						
Cash	27.22	48.58	66.14	87.11	67.04			67.04	80.09	93.14	106.19	119.24	132.29
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	27.22	48.58	66.14	87.11	67.04			67.04	80.09	93.14	106.19	119.24	132.29
Accounts Receivable	45.71	42.41	45.03	43.13	43.00			43.00	43.00	43.00	43.00	43.00	43.00
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	45.71	42.41	45.03	43.13	43.00			43.00	43.00	43.00	43.00	43.00	43.00
Total Inventory	78.85	69.09	71.67	62.60	81.84			81.84	81.84	81.84	81.84	81.84	81.84
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	23.51	32.23	19.22	17.59	20.75			20.75	20.75	20.75	20.75	20.75	20.75
Current Assets	175.29	192.31	202.06	210.43	212.63	0.00	0.00	212.63	225.68	238.73	251.78	264.83	277.88
PP&E, Gross	194.98	139.71	140.65	142.75	143.00			143.00	148.00	153.00	158.00	163.00	168.00
Change in Depreciation	10.17	9.36	7.88	7.59	7.59			7.59	6.83	6.83	6.83	6.83	6.83
Accumulated Depreciation	147.19	107.36	111.07	114.70	115.00			115.00	121.83	128.66	135.49	142.32	149.16
PP&E, Net	47.79	32.35	29.58	28.05	28.00			28.00	26.17	24.34	22.51	20.68	18.85
Goodwill	17.23	17.23	17.23	14.52	15.00	0.00		15.00	15.00	15.00	15.00	15.00	15.00
Intangibles	32.03	31.41	29.69	28.00	28.00			28.00	28.00	28.00	28.00	28.00	28.00
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	9.42	13.62	8.01	8.26	7.56			7.56	7.56	7.56	7.56	7.56	7.56
Long Term Assets	106.47	94.61	84.51	78.83	78.56			78.56	76.73	74.90	73.07	71.24	69.41
Total Assets	281.76	286.92	286.57	289.26	291.19	0.00	0.00	291.19	302.41	313.63	324.85	336.07	347.28
Accounts Payable	19.59	24.81	17.27	13.20	13.00			13.00	13.00	13.00	13.00	13.00	13.00
Accrued Expense	23.77	17.40	18.87	20.32	21.00			21.00	21.00	21.00	21.00	21.00	21.00
Other current Liabilities	0.56	4.22	2.61	1.86	34.16			34.16	34.16	34.16	34.16	34.16	34.16
Total Current Liabilities	43.92	46.43	38.75	35.38	68.16	0.00	0.00	68.16	68.16	68.16	68.16	68.16	68.16
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	0.48	0.07	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	0.07	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
Total Interest Earning Debt	0.55	0.07	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	4.25	4.76	4.60	4.83	-25.52			-25.52	-25.52	-25.52	-25.52	-25.52	-25.52
Total Liabilities	48.72	51.26	43.35	40.21	42.64	0.00	0.00	42.64	42.64	42.64	42.64	42.64	42.64
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	1.47	1.47	1.47	1.47	1.47		0.00	1.47	1.47	1.47	1.47	1.47	1.47
Additional Paid-in capital	49.30	51.31	50.38	49.88	50.00	0.00	0.00	50.00	50.00	50.00	50.00	50.00	50.00
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	321.51	320.02	328.92	338.46	338.00			338.00	349.22	360.44	371.66	382.88	394.09
Treasury Stock	-139.16	-137.14	-137.55	-140.80	-140.00		0.00	-140.00	-140.00	-140.00	-140.00	-140.00	-140.00
Other Equity	-0.07	-0.01	-0.03	-0.04	-0.04		0.00	-0.04	-0.04	-0.04	-0.04	-0.04	-0.04
Total Equity	233.05	235.65	243.19	248.97	249.43	0.00	0.00	249.43	260.65	271.87	283.09	294.31	305.52
Liability + Equity	281.77	286.91	286.54	289.18	292.07	0.00	0.00	292.07	303.29	314.51	325.73	336.95	348.16
Variance	-0.01	0.01	0.03	0.08	-0.88			-0.88	-0.88	-0.88	-0.88	-0.88	-0.88
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	4.76	5.55	5.37	5.82	4.01			4.45	4.01	4.01	4.01	4.01	4.01
Inventory Turnover Days	76.60	65.73	68.01	62.74	91.14			82.02	91.14	91.14	91.14	91.14	91.14
Days Inventory Outstanding	108.07	93.72	95.75	89.57	128.36			117.10	128.36	128.36	128.36	128.36	128.36
Accounts Receivable Turnover	8.22	9.05	8.54	8.44	7.62			8.47	7.62	7.62	7.62	7.62	7.62
Accounts Receivable Turnover Days	44.41	40.35	42.73	43.23	47.88			43.10	47.88	47.88	47.88	47.88	47.88
Days Payable Outstanding	26.85	33.65	23.07	18.89	20.39			18.60	20.39	20.39	20.39	20.39	20.39
Days Sales Outstanding	44.41	40.35	42.73	43.23	47.88			43.23	43.10	47.88	47.88	47.88	47.88
Cash Conversion Cycle	125.63	100.41	115.41	113.91	155.85			141.72	151.07	155.85	155.85	155.85	155.85
Net tangible assets/share	\$19.33	\$19.66	\$20.64	\$21.71	\$21.71			\$22.89	\$24.07	\$25.25	\$26.43	\$27.61	\$28.79

	12 months ending 2010-03-31	12 months ending 2011-03-31	12 months ending 2012-03-31	12 months ending 2013-03-31	2011	2012	2013	2014	2015
Net Income	-23.74	5.61	15.67	15.23	11.22	11.22	11.22	11.22	11.22
Depreciation	10.17	9.36	7.88	7.59	6.83	6.83	6.83	6.83	6.83
Net Income + Depreciation	-13.57	14.97	23.55	22.82	18.05	18.05	18.05	18.05	18.05
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	-10.06	-1.34	5.55	-4.26	0.00	0.00	0.00	0.00	0.00
Non Cash Items	62.30	19.26	12.32	7.83	0.00	0.00	0.00	0.00	0.00
Change in Working capital	9.44	-2.19	-15.63	3.47	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	3.30	-2.62	1.90	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	9.76	-2.58	9.07	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	5.22	-7.54	-4.07	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	48.11	30.70	25.79	29.86	18.05	18.05	18.05	18.05	18.05
Capital Expenditures Expenditures	-4.02	-2.89	-3.53	-4.49	-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	0.10	-0.49	2.57	6.28	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-3.92	-3.38	-0.96	1.79	-5.00	-5.00	-5.00	-5.00	-5.00
Financing Cash flow items	0.00	-0.02	-0.09	-0.27	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-5.78	-5.82	-5.84	-5.73	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.82	0.74	-1.28	-4.67	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	-14.66	-0.48	-0.07	0.00	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-19.62	-5.58	-7.28	-10.67	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	2.65	27.22	48.58	66.14	67.04	80.09	93.14	106.19	119.24
Net Change in Cash	24.57	21.73	17.56	20.97	13.05	13.05	13.05	13.05	13.05
Ending Cash Balance	27.22	48.58	66.14	87.11	80.09	93.14	106.19	119.24	132.29
Capex to Revenue	1.07%	0.75%	0.92%	1.23%	1.53%	1.53%	1.53%	1.53%	1.53%
Depreciation to Sales	2.71%	2.44%	2.05%	2.08%	2.08%	2.08%	2.08%	2.08%	2.08%
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	12.17%	11.05%	11.71%	11.84%	13.16%	13.16%	13.16%	13.16%	13.16%
Distributable FCF/EV Yield	24.81%	15.34%	13.94%	17.77%	7.33%	7.33%	7.33%	7.33%	7.33%
Dividend Yield	-2.36%	-2.37%	-2.38%	-2.34%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	49.87	33.63	28.10	31.10	13.05	13.05	13.05	13.05	13.05

SN VALUATION

LBO Debt Schedule

Ticker:

CSS

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	20.97	13.05	13.05	13.05	13.05	13.05
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		4.00%	4.00%	4.00%	4.00%	4.00%
Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%
Interest Expense		0.00	0.00	0.00	0.00	0.00
Cash Balance		87.11				
Interest @ 1.0%		0.87	0.87	0.87	0.87	0.87
Net Interest Expense/(Income)		(0.87)	(0.87)	(0.87)	(0.87)	(0.87)
Net Interest Rate		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
EBITDA		16.39	16.39	16.39	16.39	16.39
EBITDA/Interest Expense Coverage		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Interest Rate Coverage Table

Debt Rating					
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:

CSS Industries

Ticker:

CSS

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	131.37	145.88	163.31	144.47	157.52	170.57	183.62	196.67	209.72
Total Assets	281.76	286.92	286.57	291.19	302.41	313.63	324.85	336.07	347.28
X1	0.47	0.51	0.57	0.50	0.52	0.54	0.57	0.59	0.60
Retained Earnings	321.51	320.02	328.92	338.00	349.22	360.44	371.66	382.88	394.09
Total Assets	281.76	286.92	286.57	291.19	302.41	313.63	324.85	336.07	347.28
X2	1.14	1.12	1.15	1.16	1.15	1.15	1.14	1.14	1.13
EBITDA	-21.70	28.19	25.44	22.58	16.39	16.39	16.39	16.39	16.39
Total Assets	281.76	286.92	286.57	291.19	302.41	313.63	324.85	336.07	347.28
X3	-0.08	0.10	0.09	0.08	0.05	0.05	0.05	0.05	0.05
Market Value of Equity	245.17	245.17	245.17	245.17	262.45	280.96	300.77	321.97	344.67
Total Liabilities	48.72	51.26	43.35	42.64	42.64	42.64	42.64	42.64	42.64
X4	5.03	4.78	5.66	5.75	6.16	6.59	7.05	7.55	8.08
Net Sales	375.71	383.66	384.66	364.19	327.77	327.77	327.77	327.77	327.77
Total Assets	281.76	286.92	286.57	291.19	302.41	313.63	324.85	336.07	347.28
X5	1.33	1.34	1.34	1.25	1.08	1.05	1.01	0.98	0.94
Altman Z Score	6.26	6.70	7.32	7.18	7.20	7.43	7.69	7.96	8.26

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

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	234.43	245.65	256.87	268.09	279.31	290.52				290.52
Annual Change		11.22	11.22	11.22	11.22	11.22				
Annual FCF	25.37	13.05	13.05	13.05	13.05	13.05	13.05	13.05	13.05	39.15
Annual Op. Cash Flow	29.86	18.05	18.05	18.05	18.05	18.05	18.05	18.05	18.05	
Annual PP&E Investment	(4.49)	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	
Today's Tangible Book Value	234.43	244.71	255.44	266.63	278.32	290.52				329.67
Intrinsic Value IRR	4.38%									
Market Price	245.17	260.13	276.00	292.84	310.71	329.67				329.67
Market Price IRR	6.10%									

Debt	50.00%	122.58
Equity	50.00%	122.58
Total	100.00%	245.17

	Present Value	Holding Period					Terminal Value			Sale Price
	Historic	ProForma	1	2	3	4	5			
Book Equity	249.43	122.58	127.66	132.73	137.81	142.88	147.96			
Goodwill	15	10.74	10.74	10.74	10.74	10.74	10.74			
Debt	0	122.58	122.58	122.58	122.58	122.58	122.58			
Debt Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%			
Additional Interest Expense		9.45	9.45	9.45	9.45	9.45				
Tangible Book Value	234.43	111.85	116.92	122.00	127.07	132.15	137.22			137.22
Annual Change			5.07	5.07	5.07	5.07	5.07			
Annual FCF	25.37	6.91	6.91	6.91	6.91	6.91	6.91	6.91	6.91	20.72
Annual Net Income	15.59		5.07	5.07	5.07	5.07	5.07	5.07	5.07	
Annual Op. Cash Flow	29.86	11.91	11.91	11.91	11.91	11.91	11.91	11.91	11.91	
Dividend Payments										
Annual PP&E Investment	(4.49)	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	
Debt Paydown	0.00						0.00	0.00	0.00	
Sale Price in Year 5										157.94
Capital Left for Equity Investor										157.94
Dividend Payments										0.00
Total Cash In Flow										157.94
Invested Equity	122.58	128.96	135.66	142.71	150.13	157.94				
IRR	5.20%									

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)	25.37
Cash Flow (Year 6-8)	20.72
	46.09

<u>Value Dilution</u>	
Debt	122.58
Goodwill	-4.26
Additional Interest	47.26
	165.58