

CenturyLink (CTL)

Price:	\$36.11
Market Cap:	\$21,992,795,500
Cash:	\$476,000,000
Debt:	\$20,593,000,000
Net Cash:	-\$20,117,000,000
Enterprise Value:	\$42,109,795,500
Shares Outstanding:	609,050,000

Net Tang. Bk Value Incl. Cash, Excl. Goodwill (NTBVIC):	-\$2,443,000,000.00
NTBVIC/Market Downside Recovery:	-11.11%
Op. Cash Flow:	\$5,382,706,000
Implied Years to Fill Gap:	4.54
Today's Equity if 5x Op. CF:	\$13,705,118,000

Net Tang. Book Yr. 5 (Inc. Cash):	\$570,530,000.00
Avg. Year Op. Cash:	\$5,382,706,000.00
Year 5 Disposition FCF Multiple:	3.0
Year 5 Disposition Price:	\$16,718,648,000.00
Net Tang. Book+ Gain Disposition:	\$16,718,648,000.00
IRR:	-5.34%

Price:	\$27.45
Target Market Cap:	\$16,718,648,000
Target Enterprise Value:	\$36,835,648,000

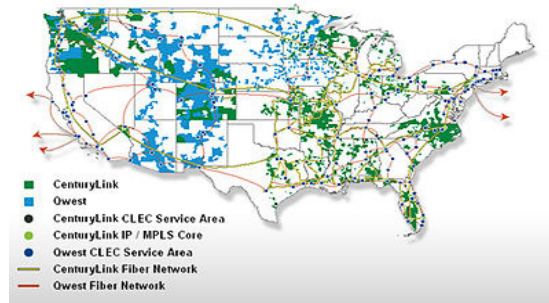
* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

A large telecommunications Co. in the South, headquartered in Louisiana, grew from acquisitions over its history. Good will balance is very high, which reduced the net tangible book value down to -\$2BB. In 2009, acquired Embarq and 2011, acquired Qwest. However, as a result, a dominant presence in the South, and generates a sizable cash flow from operations, which covers capex and dividend, with surplus left over for debt reduction.

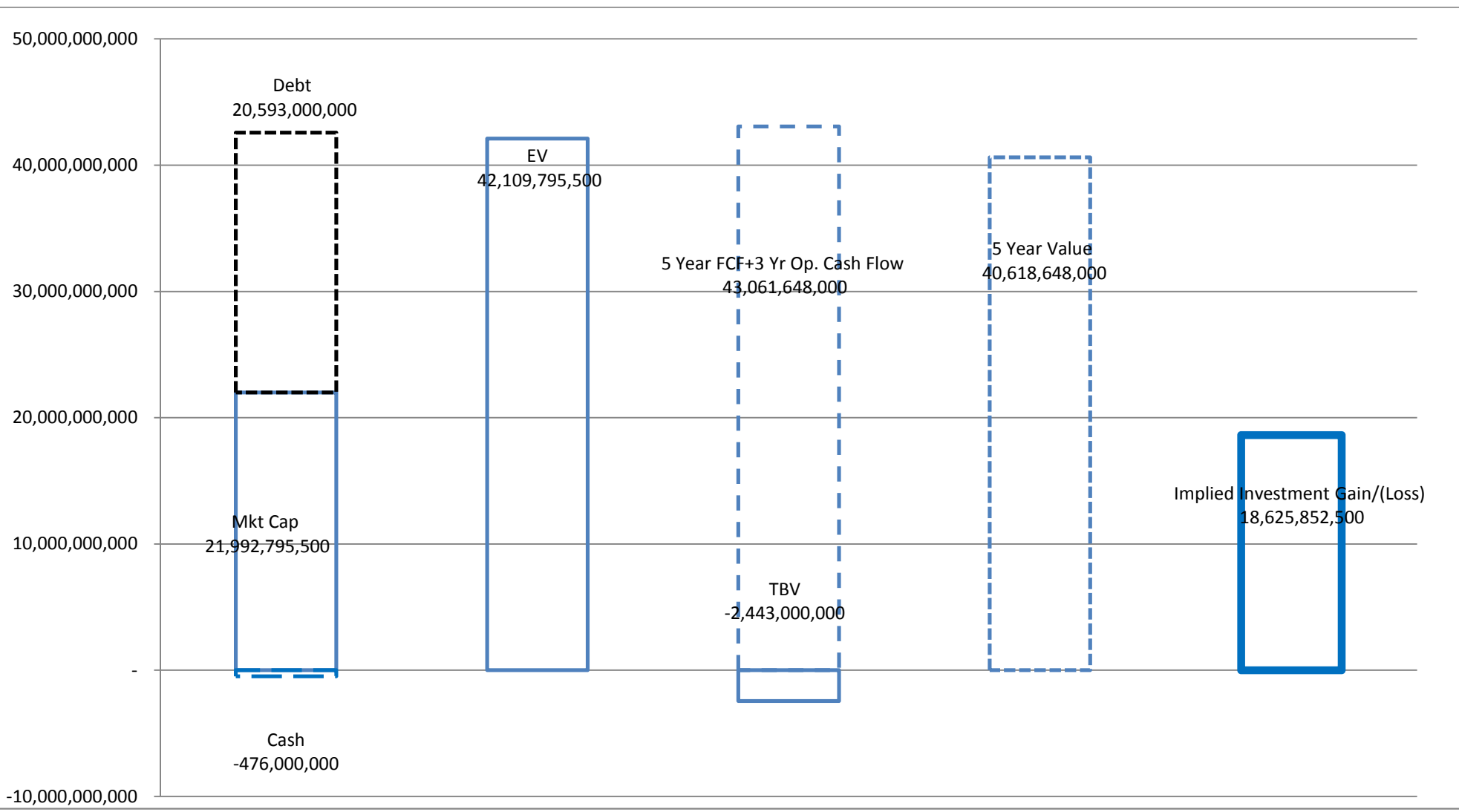
Dividend yield is at 6%, for the given risk of overleverage. Altman Z score is not healthy and the Co. has to pay down debt. Not sure why they are paying out high dividend, when that cash can go towards debt reduction. EBITDA/interest expense coverage is above 5.0x so the Co. can cover interest, but the debt load is very high.



National Network Map



The information contained here reflects the views of SN Valuation or its affiliates and sources it believes are reliable as of the date of this publication. SN Valuation makes no representations or warranties concerning the accuracy of any data. There is no guarantee that any projection, forecast or opinion in this material will be realized. Past performance does not guarantee future results. The views expressed here may change at any time after the date of this publication. This document is for informational purposes only and does not constitute investment advice. SN Valuation does not provide tax, legal or accounting advice. It does not take an investor's personal investment objectives or financial situation into account; investors should discuss their individual circumstances with appropriate professionals before making any decisions. This information should not be construed as sales or marketing material or an offer on solicitation for the purchase or sale of any financial instrument, product or service sponsored by SN Valuation or its affiliates.



SN VALUATION

LBO Pro Forma Income Statement

Name:

CenturyLink

Ticker:

CTL

	Historical				Forecasted				
	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2013	2014	2015	2016	2017
Revenue	4,974.00	7,042.00	15,351.00	18,376.00	18,376.00	18,376.00	18,376.00	18,376.00	18,376.00
COGS	1,801.00	2,544.00	6,255.00	7,605.00	7,717.92	7,717.92	7,717.92	7,717.92	7,717.92
Gross margin	3,173.00	4,498.00	9,096.00	10,771.00	10,658.08	10,658.08	10,658.08	10,658.08	10,658.08
SG&A	965.00	925.00	2,580.00	3,115.00	3,123.92	3,123.92	3,123.92	3,123.92	3,123.92
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.00	79.00	473.00	312.00	367.52	367.52	367.52	367.52	367.52
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Included within COGS	975.00	1,434.00	4,026.00	4,810.00	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00
Operating Income (EBITA)	1,233.00	2,060.00	2,017.00	2,534.00	2,366.64	2,366.64	2,366.64	2,366.64	2,366.64
Interest income/(expense)	-367.00	-544.00	-1,072.00	-1,319.00	-1,439.40	-1,439.40	-1,439.40	-1,439.40	-1,439.40
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	-53.00	15.00	3.00	35.00	0.00	0.00	0.00	0.00	0.00
Income before tax	813.00	1,531.00	948.00	1,250.00	927.24	927.24	927.24	927.24	927.24
Tax	302.00	583.00	375.00	473.00	324.53	324.53	324.53	324.53	324.53
Income after tax	511.00	948.00	573.00	777.00	602.71	602.71	602.71	602.71	602.71
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	511.00	948.00	573.00	777.00	602.71	602.71	602.71	602.71	602.71
*Figures are in millions (\$)									
EPS (based off today's share count)	\$0.84	\$1.56	\$0.94	\$1.28	\$0.99	\$0.99	\$0.99	\$0.99	\$0.99
P/E (historical today's price; forecasted intrinsic price)	43.04	23.20	38.38	28.30	34.54	32.70	30.95	29.30	27.74
Revenue Growth	N/A	41.58%	117.99%	19.71%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	37.15%	38.08%	39.56%	37.64%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-4.73%	-7.42%	-4.91%	-6.40%	-7.42%	-7.42%	-7.42%	-7.42%	-7.42%
Margins									
COGS	36.21%	36.13%	40.75%	41.39%	42.00%	42.00%	42.00%	42.00%	42.00%
Gross margin	63.79%	63.87%	59.25%	58.61%	58.00%	58.00%	58.00%	58.00%	58.00%
SG&A	19.40%	13.14%	16.81%	16.95%	17.00%	17.00%	17.00%	17.00%	17.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.00%	1.12%	3.08%	1.70%	2.00%	2.00%	2.00%	2.00%	2.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Included within COGS	19.60%	20.36%	26.18%	26.18%	26.12%	26.12%	26.12%	26.12%	26.12%
Operating Income (EBITA)	24.79%	29.25%	13.14%	13.79%	12.88%	12.88%	12.88%	12.88%	12.88%
Interest income/(expense)	-7.38%	-7.73%	-6.98%	-7.18%	-7.83%	-7.83%	-7.83%	-7.83%	-7.83%
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	-1.07%	0.21%	0.02%	0.19%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	16.34%	21.74%	6.18%	6.80%	5.05%	5.05%	5.05%	5.05%	5.05%
Tax	6.07%	8.28%	2.44%	2.57%	1.77%	1.77%	1.77%	1.77%	1.77%
Income after tax	10.27%	13.46%	3.73%	4.23%	3.28%	3.28%	3.28%	3.28%	3.28%
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	10.27%	13.46%	3.73%	4.23%	3.28%	3.28%	3.28%	3.28%	3.28%

						Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	As of 2009-12-31	As of 2010-12-31	As of 2011-12-31	As of 2012-12-31	As of 2013-03-31	+	-						
Cash	161.81	173.00	128.00	211.00	476.00			476.00	2,858.71	5,241.41	7,624.12	10,006.82	12,389.53
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	161.81	173.00	128.00	211.00	476.00			476.00	2,858.71	5,241.41	7,624.12	10,006.82	12,389.53
Accounts Receivable	685.59	658.00	1,623.00	1,624.00	1,625.00			1,625.00	1,625.00	1,625.00	1,625.00	1,625.00	1,625.00
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	685.59	658.00	1,623.00	1,624.00	1,625.00			1,625.00	1,625.00	1,625.00	1,625.00	1,625.00	1,625.00
Total Inventory	35.76	0.00	107.00	125.00	134.00			134.00	134.00	134.00	134.00	134.00	134.00
Prepaid Expenses	0.00	41.00	240.00	257.00	301.00			301.00	301.00	301.00	301.00	301.00	301.00
Other Current Assets	124.76	114.00	1,065.00	1,061.00	1,035.00			1,035.00	1,035.00	1,035.00	1,035.00	1,035.00	1,035.00
Current Assets	1,007.92	986.00	3,163.00	3,278.00	3,571.00	0.00	0.00	3,571.00	5,953.71	8,336.41	10,719.12	13,101.82	15,484.53
PP&E, Gross	15,556.76	16,329.00	29,585.00	32,571.00	33,000.00			33,000.00	36,000.00	39,000.00	42,000.00	45,000.00	48,000.00
Change in Depreciation	974.71	1,434.00	4,026.00	4,780.00	4,780.00			4,780.00	4,780.00	4,780.00	4,780.00	4,780.00	4,780.00
Accumulated Depreciation	6,459.62	7,575.00	10,141.00	13,746.00	13,750.00			13,750.00	18,530.00	23,310.00	28,090.00	32,870.00	37,650.00
PP&E, Net	9,097.14	8,754.00	19,444.00	18,825.00	19,250.00			19,250.00	17,470.00	15,690.00	13,910.00	12,130.00	10,350.00
Goodwill	10,251.76	10,261.00	21,732.00	21,732.00	21,732.00	0.00		21,732.00	21,732.00	21,732.00	21,732.00	21,732.00	21,732.00
Intangibles	1,621.29	1,552.00	10,482.00	8,847.00	8,850.00			8,850.00	8,850.00	8,850.00	8,850.00	8,850.00	8,850.00
Long term investments	182.10	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	286.85	328.00	869.00	796.00	800.00			800.00	800.00	800.00	800.00	800.00	800.00
Long Term Assets	21,439.14	20,895.00	52,527.00	50,200.00	50,632.00	0.00	0.00	50,632.00	48,852.00	47,072.00	45,292.00	43,512.00	41,732.00
Total Assets	22,447.06	21,881.00	55,690.00	53,478.00	54,203.00	0.00	0.00	54,203.00	54,805.71	55,408.41	56,011.12	56,613.82	57,216.53
Accounts Payable	394.69	300.00	1,400.00	1,207.00	1,200.00			1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00
Accrued Expense	363.12	263.00	970.00	999.00	1,000.00			1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Other current Liabilities	449.32	436.00	1,167.00	1,184.00	1,314.00			1,314.00	1,314.00	1,314.00	1,314.00	1,314.00	1,314.00
Total Current Liabilities	1,207.13	999.00	3,537.00	3,390.00	3,514.00	0.00	0.00	3,514.00	3,514.00	3,514.00	3,514.00	3,514.00	3,514.00
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	500.06	12.00	480.00	1,205.00	1,193.00			1,193.00	1,193.00	1,193.00	1,193.00	1,193.00	1,193.00
Long term Debt	7,253.65	7,316.00	21,356.00	19,400.00	19,400.00	0.00	0.00	19,400.00	19,400.00	19,400.00	19,400.00	19,400.00	19,400.00
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	7,753.71	7,328.00	21,836.00	20,605.00	20,593.00	0.00	0.00	20,593.00	20,593.00	20,593.00	20,593.00	20,593.00	20,593.00
Deferred Income tax	2,256.58	2,369.00	3,800.00	3,644.00	3,812.00			3,812.00	3,812.00	3,812.00	3,812.00	3,812.00	3,812.00
Minority Interest	5.86	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	1,878.50	1,695.00	6,044.00	7,092.00	6,954.00			6,954.00	6,954.00	6,954.00	6,954.00	6,954.00	6,954.00
Total Liabilities	13,101.78	12,391.00	35,217.00	34,731.00	34,873.00	0.00	0.00	34,873.00	34,873.00	34,873.00	34,873.00	34,873.00	34,873.00
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	0.24	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	299.19	305.00	619.00	626.00	626.00		0.00	626.00	626.00	626.00	626.00	626.00	626.00
Additional Paid-in capital	6,014.05	6,181.00	18,901.00	19,079.00	19,079.00	0.00	0.00	19,079.00	19,079.00	19,079.00	19,079.00	19,079.00	19,079.00
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	3,232.77	3,302.00	2,319.00	1,285.00	1,285.00		0.00	1,285.00	1,887.71	2,490.41	3,093.12	3,695.82	4,298.53
Treasury Stock	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	-85.31	-141.00	-1,012.00	-1,701.00	-1,701.00		0.00	-1,701.00	-1,701.00	-1,701.00	-1,701.00	-1,701.00	-1,701.00
Total Equity	9,460.94	9,647.00	20,827.00	19,289.00	19,289.00	0.00	0.00	19,289.00	19,891.71	20,494.41	21,097.12	21,699.82	22,302.53
Liability + Equity	22,562.72	22,038.00	56,044.00	54,020.00	54,162.00	0.00	0.00	54,162.00	54,764.71	55,367.41	55,970.12	56,572.82	57,175.53
Variance	-115.66	-157.00	-354.00	-542.00	41.00			41.00	41.00	41.00	41.00	41.00	41.00
Debt/Equity	0.82	0.76	1.05	1.07	1.07			1.07	1.04	1.00	0.98	0.95	0.92
Inventory Turnover	139.09	#DIV/0!	143.47	147.01	137.13			137.13	137.13	137.13	137.13	137.13	137.13
Inventory Turnover Days	2.62	#DIV/0!	2.54	2.48	2.66			2.66	2.66	2.66	2.66	2.66	2.66
Days Inventory Outstanding	7.25	0.00	6.24	6.00	6.34			6.43	6.34	6.34	6.34	6.34	6.34
Accounts Receivable Turnover	7.26	10.70	9.46	11.32	11.31			11.31	11.31	11.31	11.31	11.31	11.31
Accounts Receivable Turnover Days	50.31	34.11	38.59	32.26	32.28			32.28	32.28	32.28	32.28	32.28	32.28
Days Payable Outstanding	79.99	43.04	81.69	57.93	56.75			57.59	56.75	56.75	56.75	56.75	56.75
Days Sales Outstanding	50.31	34.11	38.59	32.26	32.28			32.26	32.28	32.28	32.28	32.28	32.28
Cash Conversion Cycle	-22.43	-8.94	-36.86	-19.67	-18.14			-18.91	-18.14	-18.14	-18.14	-18.14	-18.14
Net tangible assets/share	(\$3.96)	(\$3.56)	(\$18.70)	(\$18.54)	(\$18.54)				(\$17.55)	(\$16.56)	(\$15.57)	(\$14.58)	(\$13.59)

SN VALUATION

LBO Adjusted Proforma Cash Flow

Ticker:

CTL

	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2011	2012	2013	2014	2015
Net Income	648.59	948.00	573.00	777.00	602.71	602.71	602.71	602.71	602.71
Depreciation	974.71	1,434.00	4,026.00	4,780.00	4,780.00	4,780.00	4,780.00	4,780.00	4,780.00
Net Income + Depreciation	1,623.30	2,382.00	4,599.00	5,557.00	5,382.71	5,382.71	5,382.71	5,382.71	5,382.71
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	153.95	132.00	395.00	394.00	0.00	0.00	0.00	0.00	0.00
Non Cash Items	-83.98	92.00	13.00	278.00	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-119.55	-561.00	-806.00	-164.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	27.59	-965.00	-1.00	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	35.76	-107.00	-18.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-41.00	-199.00	-17.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-94.69	1,100.00	-193.00	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	1,573.72	2,045.00	4,201.00	6,065.00	5,382.71	5,382.71	5,382.71	5,382.71	5,382.71
Capital Expenditures Expenditures	-756.54	-864.00	-2,411.00	-2,919.00	-3,000.00	-3,000.00	-3,000.00	-3,000.00	-3,000.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	77.70	5.00	-1,236.00	229.00	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-678.84	-859.00	-3,647.00	-2,690.00	-3,000.00	-3,000.00	-3,000.00	-3,000.00	-3,000.00
Financing Cash flow items	-4.31	17.00	-123.00	-344.00	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-560.70	-879.00	-1,556.00	-1,811.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	41.26	113.00	72.00	73.00	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	-452.64	-426.00	1,030.00	-1,213.00	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-976.39	-1,175.00	-577.00	-3,295.00	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	0.00	0.00	-22.00	3.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	243.33	161.81	173.00	128.00	476.00	2,858.71	5,241.41	7,624.12	10,006.82
Net Change in Cash	-81.52	11.00	-45.00	83.00	2,382.71	2,382.71	2,382.71	2,382.71	2,382.71
Ending Cash Balance	161.81	173.00	128.00	211.00	2,858.71	5,241.41	7,624.12	10,006.82	12,389.53
Capex to Revenue	15.21%	12.27%	15.71%	15.88%	16.33%	16.33%	16.33%	16.33%	16.33%
Depreciation to Sales	19.60%	20.36%	26.23%	26.01%	26.01%	26.01%	26.01%	26.01%	26.01%
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	13.78%	9.34%	10.57%	8.84%	8.84%	8.84%	8.84%	8.84%	8.84%
Distributable FCF/EV Yield	2.13%	2.82%	1.32%	8.01%	5.66%	5.66%	5.66%	5.66%	5.66%
Dividend Yield	-2.55%	-4.00%	-7.08%	-8.23%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	1,377.88	2,060.00	3,346.00	4,957.00	2,382.71	2,382.71	2,382.71	2,382.71	2,382.71

SN VALUATION

LBO Debt Schedule

Ticker:

CTL

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	83.00	2,382.71	2,382.71	2,382.71	2,382.71	2,382.71
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	20,593.00	20,593.00	20,593.00	20,593.00	20,593.00	20,593.00
Current Portion Debt Balance	1,193.00	1,193.00	1,193.00	1,193.00	1,193.00	1,193.00
Long Term Debt Balance	19,400.00	19,400.00	19,400.00	19,400.00	19,400.00	19,400.00
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		1441.51	1441.51	1441.51	1441.51	1441.51
Cash Balance		211.00				
Interest @ 1.0%		2.11	2.11	2.11	2.11	2.11
Net Interest Expense/(Income)		1439.40	1439.40	1439.40	1439.40	1439.40
Net Interest Rate		7.42%	7.42%	7.42%	7.42%	7.42%
EBITDA		2,366.64	2,366.64	2,366.64	2,366.64	2,366.64
EBITDA/Interest Expense Coverage		1.64	1.64	1.64	1.64	1.64

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

CenturyLink

Ticker:

CTL

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	-199.21	-13.00	-374.00	57.00	2,439.71	4,822.41	7,205.12	9,587.82	11,970.53
Total Assets	22,447.06	21,881.00	55,690.00	54,203.00	54,805.71	55,408.41	56,011.12	56,613.82	57,216.53
X1	-0.01	0.00	-0.01	0.00	0.04	0.09	0.13	0.17	0.21
Retained Earnings	3,232.77	3,302.00	2,319.00	1,285.00	1,887.71	2,490.41	3,093.12	3,695.82	4,298.53
Total Assets	22,447.06	21,881.00	55,690.00	54,203.00	54,805.71	55,408.41	56,011.12	56,613.82	57,216.53
X2	0.14	0.15	0.04	0.02	0.03	0.04	0.06	0.07	0.08
EBITDA	2,208.00	3,494.00	6,043.00	7,344.00	7,166.64	7,166.64	7,166.64	7,166.64	7,166.64
Total Assets	22,447.06	21,881.00	55,690.00	54,203.00	54,805.71	55,408.41	56,011.12	56,613.82	57,216.53
X3	0.10	0.16	0.11	0.14	0.13	0.13	0.13	0.13	0.13
Market Value of Equity	21,992.80	21,992.80	21,992.80	21,992.80	20,819.23	19,708.28	18,656.62	17,661.07	16,718.65
Total Liabilities	13,101.78	12,391.00	35,217.00	34,873.00	34,873.00	34,873.00	34,873.00	34,873.00	34,873.00
X4	1.68	1.77	0.62	0.63	0.60	0.57	0.53	0.51	0.48
Net Sales	4,974.00	7,042.00	15,351.00	18,376.00	18,376.00	18,376.00	18,376.00	18,376.00	18,376.00
Total Assets	22,447.06	21,881.00	55,690.00	54,203.00	54,805.71	55,408.41	56,011.12	56,613.82	57,216.53
X5	0.22	0.32	0.28	0.34	0.34	0.33	0.33	0.32	0.32
Altman Z Score	1.74	2.12	1.06	1.20	1.23	1.26	1.30	1.34	1.38

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

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	(2,443.00)	(1,840.29)	(1,237.59)	(634.88)	(32.18)	570.53				570.53
Annual Change		602.71	602.71	602.71	602.71	602.71				
Annual FCF	3,146.00	2,382.71	2,382.71	2,382.71	2,382.71	2,382.71	2,382.71	2,382.71	2,382.71	7,148.12
Annual Op. Cash Flow	6,065.00	5,382.71	5,382.71	5,382.71	5,382.71	5,382.71	5,382.71	5,382.71	5,382.71	
Annual PP&E Investment	(2,919.00)	(3,000.00)	(3,000.00)	(3,000.00)	(3,000.00)	(3,000.00)	(3,000.00)	(3,000.00)	(3,000.00)	
Today's Tangible Book Value	(2,443.00)	1,826.39	-1,365.42	1,020.79	-763.15	570.53				7,718.65
Intrinsic Value IRR	-174.76%									
Market Price	21,992.80	17,837.44	14,467.21	11,733.75	9,516.76	7,718.65				7,718.65
Market Price IRR	-18.89%									

Debt	50.00%	10,996.40
Equity	50.00%	10,996.40
Total	100.00%	21,992.80

	Present Value	Holding Period					Terminal Value			Sale Price
	Historic	ProForma	1	2	3	4	5			
Book Equity	19289	10,996.40	11,151.68	11,306.96	11,462.24	11,617.52	11,772.80			
Goodwill	21732	24,435.80	24,435.80	24,435.80	24,435.80	24,435.80	24,435.80			
Debt	19400	30,396.40	30,396.40	30,396.40	30,396.40	30,396.40	30,396.40			
Debt Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%			
Additional Interest Expense		688.35	688.35	688.35	688.35	688.35	688.35			
Tangible Book Value	-2443	-13,439.40	-13,284.12	-13,128.84	-12,973.56	-12,818.28	-12,663.00			-12,663.00
Annual Change			155.28	155.28	155.28	155.28	155.28			
Annual FCF	3,146.00	1,935.28	1,935.28	1,935.28	1,935.28	1,935.28	1,935.28	1,935.28	1,935.28	5,805.84
Annual Net Income	777.00	155.28	155.28	155.28	155.28	155.28	155.28	155.28	155.28	
Annual Op. Cash Flow	6,065.00	4,935.28	4,935.28	4,935.28	4,935.28	4,935.28	4,935.28	4,935.28	4,935.28	
Dividend Payments										
Annual PP&E Investment	(2,919.00)	(3,000.00)	(3,000.00)	(3,000.00)	(3,000.00)	(3,000.00)	(3,000.00)	(3,000.00)	(3,000.00)	
Debt Paydown	0.00							0.00	0.00	0.00

Sale Price in Year 5										(6,897.16)
Remaining Debt Balance										10,895.40
Capital Left for Equity Investor										(17,853.56)
Dividend Payments										0.00
Total Cash In Flow										(17,853.56)
Invested Equity	10,996.40	-12,115.61	13,348.74	-14,707.37	16,204.29	-17,853.56				
IRR	-210.18%									

<u>Value Creation</u>	
TBV Growth (equals sum of NI Year 1-5)	776.40
Cash Flow (Year 6-8)	5,805.84
	6,582.24

<u>Value Dilution</u>	
Debt	10,996.40
Goodwill	2,703.80
Additional Interest	3,441.74
	17,141.93