

Analyst: Sung Nam

**Crown Crafts Inc (CRWS)**

<b>Market Price:</b>	<b>\$3.28</b>	<b>EBITDA/Share:</b>	<b>\$0.79</b>	<b>Net Asset/Share:</b>	<b>\$2.43</b>
<b>DCF: EV/EBITDA Terminal Value</b>	<b>12.118%</b>	<b>DCF: Net Tangible Asset excluding Cash/Debt Terminal Value</b>		<b>10.082%</b>	
<b>EBITDA-Cap Ex/Share</b>	<b>\$0.69</b>	<b>EVA Analysis:</b>		<b>6.192%</b>	

**Overview**

Crown Crafts makes baby related clothes and accessories.

**Dividend?**

Dividend yield is 0.0%.

**Cashflow Generation**

Cashflows are \$5MM from operating cashflow.

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

Free cash flow is about \$3 MM.

8.5% EBITA margin and FCF yield is 0.1%.

The company has \$0 MM in cash/short term investment and \$6 MM in debt.

We are projecting a \$1 MM paydown annually.

**Profitability**

ROA is 9.6%, and ROC is 14.0%.

**LBO?**

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

**Price**

We are forecasting a \$5.75/share in Year 5, or a 74.4% holding return, or 11.8% annual return. Thus, the 1 year forecasted price is \$3.65.



# SN VALUATION

# LBO Analysis

WACC Terminal Value:		<b>Intrinsic Price in 5 Years:</b>	<b>5.72</b>	<b>Non-LBO Forecast</b>	<b>Non-LBO Forecast</b>	<b>Desired Return Rate</b>	<b>20.00%</b>
EV/EBITDA with 5X Multiple Terminal Value:	\$5.81	Market Price:	3.28	Year 1 Target	3.67	<b>Implied Today's Price</b>	<b>2.30</b>
Net Tangible Asset Terminal Value:	\$5.30	LBO Price:	<b>3.28</b>	Year 2 Target	4.10	Overvalued/(Undervalued)	42.68%
EV/EBITDA with Today's Multiple Terminal Value:	\$4.24	Premium to Market Price:	0.00%	Year 3 Target	4.58		
EVA Enterprise Value:	\$7.52	LBO Price/Intrinsic Price Target:	11.77%	Year 4 Target	5.12		
Dividend Discount Model:	<b>(\$5.67)</b>	LBO Price/EV/EBIT Exit Price:	1.55%	Year 5 Target	5.72		
Average (Excluding Dividend Discount):	<b>\$5.72</b>	Implied IRR at today's EV/EBITDA:	5.29%	<b>Implied IRR (Market Price):</b>	<b>11.77%</b>		
		5 Year Return:	74.40%				

Current Evaluation				Exit Evaluation			
Current Market Price:	3.28	LBO Price:	3.28	Exit Price:	5.72	Exit Price:	4.24
Outstanding Shares:	9,660,000	Outstanding Shares:	9,660,000	Outstanding Shares:	9,660,000	Outstanding Shares:	9,660,000
<b>Market Capitalization:</b>	<b>31,684,800</b>	<b>Market Capitalization:</b>	<b>31,684,800</b>	<b>Market Capitalization:</b>	<b>55,257,647</b>	<b>Market Capitalization:</b>	<b>41,005,309</b>
Available Cash:	200,000	Available Cash:	200,000	Available Cash:	18,311,059	Available Cash:	18,311,059
Debt:	6,290,000	Debt:	6,290,000	Debt:	0	Debt:	0
Net Cash:	<b>-6,090,000</b>	Net Cash:	<b>-6,090,000</b>	Net Cash:	18,311,059	Net Cash:	18,311,059
<b>Enterprise Value:</b>	<b>37,774,800</b>	<b>Enterprise Value:</b>	<b>37,774,800</b>	<b>Enterprise Value:</b>	<b>36,946,588</b>	<b>Enterprise Value:</b>	<b>22,694,250</b>
Original EV/EBITDA:	4.95	EV/EBITDA:	4.95	EV/EBITDA at 5 Years:	4.88	EV/EBITDA at 5 Years:	<b>3.00</b>
Original EV/EBITDA:	4.95	EV/EBITDA:	4.79	EV/EBITDA at 5 Years:	6.60	EV/EBITDA at 5 Years:	2.89
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:	3.28	3.28	3.67	4.10	4.58	5.12	5.72
Shares Outstanding:	9,660,000	9,660,000	9,660,000	9,660,000	9,660,000	9,660,000	9,660,000
<b>Market Capitalization:</b>	<b>31,684,800</b>	<b>31,684,800</b>	<b>35,412,717</b>	<b>39,579,248</b>	<b>44,235,997</b>	<b>49,440,643</b>	<b>55,257,647</b>
Available Cash:	200,000	200,000	1,850,986	5,694,216	9,584,398	13,548,987	18,311,059
Debt:	6,290,000	6,290,000	3,340,000	2,340,000	1,340,000	340,000	0
Net Cash:	-6,090,000	-6,090,000	-1,489,014	3,354,216	8,244,398	13,208,987	18,311,059
<b>Enterprise Value:</b>	<b>37,774,800</b>	<b>37,774,800</b>	<b>36,901,732</b>	<b>36,225,032</b>	<b>35,991,599</b>	<b>36,231,655</b>	<b>36,946,588</b>
EBIT	7,630,000	7,630,000	7,269,576	7,342,272	7,415,694	7,489,851	7,564,750
EV/EBIT:	4.95	4.95	5.08	4.93	4.85	4.84	4.88
EBITDA	7,890,000	7,890,000	7,556,205	7,631,767	7,706,941	7,778,688	7,861,090
EV/EBITDA:	4.79	4.79	4.88	4.75	4.67	4.66	4.70

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	3.28	3.28	3.57	4.11	4.65	5.21	5.77
Shares Outstanding:	9,660,000	9,660,000	9,660,000	9,660,000	9,660,000	9,660,000	9,660,000
<b>Market Capitalization:</b>	<b>31,684,800</b>	<b>31,684,800</b>	<b>34,501,389</b>	<b>39,704,523</b>	<b>44,958,209</b>	<b>50,289,936</b>	<b>55,762,818</b>
Available Cash:	200,000	200,000	1,850,986	5,694,216	9,584,398	13,548,987	18,311,059
Debt:	6,290,000	6,290,000	3,340,000	2,340,000	1,340,000	340,000	0
Net Cash:	-6,090,000	-6,090,000	-1,489,014	3,354,216	8,244,398	13,208,987	18,311,059
<b>Enterprise Value:</b>	<b>37,774,800</b>	<b>37,774,800</b>	<b>35,990,404</b>	<b>36,350,308</b>	<b>36,713,811</b>	<b>37,080,949</b>	<b>37,451,758</b>
EBIT	7,630,000	7,630,000	7,269,576	7,342,272	7,415,694	7,489,851	7,564,750
EV/EBIT:	4.95	4.95	4.95	4.95	4.95	4.95	4.95
EBITDA	7,890,000	7,890,000	7,556,205	7,631,767	7,706,941	7,778,688	7,861,090
EV/EBITDA:	4.79	4.79	4.76	4.76	4.76	4.77	4.76

LBO Price	3.28	Equity Partners:	37,974,800	Weighting	<b>100.00%</b>	<b>Annualized Return for Equity Partners: 1.55%</b>
Shares Outstanding	9,660,000	Debt Partners:	0		0.00%	
<b>Market Capitalization</b>	<b>31,684,800</b>	<b>Total Funds for LBO:</b>	<b>37,974,800</b>		<b>100.00%</b>	
Debt	6,290,000					
Cash	200,000					
<b>Enterprise Value</b>	<b>37,774,800</b>					
<b>Capital Investment</b>	<b>37,974,800</b>					

Book Value	Enterprise Value	Stock Valuation	Debt Reduction
Beginning Book Value	31.40	Current Market Price	Starting Debt
Year 5 Book Value	51.99	Year 5 Market Price	Debt Repayment
<b>Annualized Return</b>	<b>10.61%</b>	<b>Annualized Return</b>	<b>5.29%</b>
			Year 5 Ending Debt
			<b>% of Starting Debt</b>
			<b>0.00%</b>

	Historical				Forecasted				
	12 months ending 2008-03-30	12 months ending 2009-03-29	12 months ending 2010-03-28	12 months ending 2011-04-03	2011	2012	2013	2014	2015
Revenue	74.89	87.40	86.07	89.97	90.87	91.78	92.70	93.62	94.56
COGS	56.28	68.49	65.84	69.88	70.88	71.59	72.30	73.03	73.76
<b>Gross margin</b>	<b>18.61</b>	<b>18.91</b>	<b>20.23</b>	<b>20.09</b>	<b>19.99</b>	<b>20.19</b>	<b>20.39</b>	<b>20.60</b>	<b>20.80</b>
SG&A	10.70	10.95	11.47	12.46	12.72	12.85	12.98	13.11	13.24
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.00	22.88	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: Included within COGS					0.00	0.00	0.00	0.00	0.00
<b>Operating Income (EBITA)</b>	<b>7.91</b>	<b>-14.92</b>	<b>8.76</b>	<b>7.63</b>	<b>7.27</b>	<b>7.34</b>	<b>7.42</b>	<b>7.49</b>	<b>7.56</b>
Interest income/(expense)	-0.78	-1.09	-0.69	-0.46	-0.27	-0.19	-0.11	-0.03	0.00
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	0.13	0.11	-0.06	0.00	-0.01	-0.01	-0.01	-0.01	-0.01
<b>Income before tax</b>	<b>7.26</b>	<b>-15.91</b>	<b>8.01</b>	<b>7.17</b>	<b>7.01</b>	<b>7.17</b>	<b>7.32</b>	<b>7.47</b>	<b>7.58</b>
Tax	2.83	1.13	3.11	2.77	2.10	2.15	2.20	2.24	2.27
<b>Income after tax</b>	<b>4.43</b>	<b>-17.04</b>	<b>4.90</b>	<b>4.40</b>	<b>4.91</b>	<b>5.02</b>	<b>5.12</b>	<b>5.23</b>	<b>5.30</b>
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
<b>Net income</b>	<b>4.43</b>	<b>-17.04</b>	<b>4.90</b>	<b>4.40</b>	<b>4.91</b>	<b>5.02</b>	<b>5.12</b>	<b>5.23</b>	<b>5.30</b>
*Figures are in millions (\$)									
<b>Revenue Growth</b>	<b>N/A</b>	<b>16.70%</b>	<b>-1.52%</b>	<b>4.53%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>
Tax Rate	38.98%	-7.10%	38.83%	38.63%	30.00%	30.00%	30.00%	30.00%	30.00%
Implied Debt Interest Rate	-3.14%	-4.32%	-13.29%	-7.31%	-6.11%	-5.54%	-4.50%	-1.88%	0.59%
<b>Margins</b>									
COGS	75.15%	78.36%	76.50%	77.67%	78.00%	78.00%	78.00%	78.00%	78.00%
<b>Gross margin</b>	<b>24.85%</b>	<b>21.64%</b>	<b>23.50%</b>	<b>22.33%</b>	<b>22.00%</b>	<b>22.00%</b>	<b>22.00%</b>	<b>22.00%</b>	<b>22.00%</b>
SG&A	14.29%	12.53%	13.33%	13.85%	14.00%	14.00%	14.00%	14.00%	14.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.00%	26.18%	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: Included within COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Operating Income (EBITA)</b>	<b>10.56%</b>	<b>-17.07%</b>	<b>10.18%</b>	<b>8.48%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>
Interest income/(expense)	-1.04%	-1.25%	-0.80%	-0.51%	-0.29%	-0.20%	-0.11%	-0.03%	0.00%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.17%	0.13%	-0.07%	0.00%	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%
<b>Income before tax</b>	<b>9.69%</b>	<b>-18.20%</b>	<b>9.31%</b>	<b>7.97%</b>	<b>7.72%</b>	<b>7.81%</b>	<b>7.90%</b>	<b>7.98%</b>	<b>8.01%</b>
Tax	3.78%	1.29%	3.61%	3.08%	2.31%	2.34%	2.37%	2.39%	2.40%
<b>Income after tax</b>	<b>5.92%</b>	<b>-19.50%</b>	<b>5.69%</b>	<b>4.89%</b>	<b>5.40%</b>	<b>5.52%</b>	<b>5.64%</b>	<b>5.76%</b>	<b>5.84%</b>
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%
<b>Net income</b>	<b>5.92%</b>	<b>-19.50%</b>	<b>5.69%</b>	<b>4.89%</b>	<b>5.40%</b>	<b>5.47%</b>	<b>5.53%</b>	<b>5.59%</b>	<b>5.61%</b>

					Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	As of 2008-03-30	As of 2009-03-29	As of 2010-03-28	As of 2011-04-03	+	-						
Cash	7.93	15.25	0.07	0.20			0.20	1.85	5.69	9.58	13.55	18.31
Short term investment	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Cash and Short term</b>	<b>7.93</b>	<b>15.25</b>	<b>0.07</b>	<b>0.20</b>			<b>0.20</b>	<b>1.85</b>	<b>5.69</b>	<b>9.58</b>	<b>13.55</b>	<b>18.31</b>
Accounts Receivable	16.08	17.34	17.63	17.82			17.82	17.82	17.82	17.82	17.82	17.82
Other receivables	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Receivables</b>	<b>16.08</b>	<b>17.34</b>	<b>17.63</b>	<b>17.82</b>			<b>17.82</b>	<b>17.82</b>	<b>17.82</b>	<b>17.82</b>	<b>17.82</b>	<b>17.82</b>
Deferred Income Tax	2.20	1.61	0.40	0.83			0.83	0.83	0.83	0.83	0.83	0.83
Total Inventory	13.78	11.75	10.45	13.56			13.56	13.56	13.56	13.56	13.56	13.56
Prepaid Expenses	1.06	1.07	1.62	2.36			2.36	2.36	2.36	2.36	2.36	2.36
Other Current Assets	1.55	1.47	1.30	0.51			0.51	0.51	0.51	0.51	0.51	0.51
<b>Current Assets</b>	<b>42.60</b>	<b>48.49</b>	<b>31.47</b>	<b>35.28</b>	<b>0.00</b>	<b>0.00</b>	<b>35.28</b>	<b>36.93</b>	<b>40.77</b>	<b>44.66</b>	<b>48.63</b>	<b>53.39</b>
PP&E, Gross	3.19	3.49	3.57	3.62			3.62	4.62	5.62	6.62	7.62	8.62
Change in Depreciation	0.35	0.28	0.29	0.26			0.26	0.29	0.29	0.29	0.29	0.30
Accumulated Depreciation	2.60	2.80	3.09	3.35			3.35	3.64	3.93	4.22	4.51	4.80
PP&E, Net	0.59	0.69	0.48	0.27			0.27	0.98	1.69	2.40	3.11	3.82
Goodwill	22.88	0.00	0.86	1.13	0.00		1.13	1.13	1.13	1.13	1.13	1.13
Intangibles	7.28	5.51	6.49	6.79			6.79	5.38	3.85	2.37	0.93	-0.57
Long term investments	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	0.13	1.84	2.01	2.03			2.03	2.03	2.03	2.03	2.03	2.03
<b>Long Term Assets</b>	<b>33.48</b>	<b>10.84</b>	<b>9.84</b>	<b>10.22</b>	<b>0.00</b>	<b>0.00</b>	<b>10.22</b>	<b>9.53</b>	<b>8.70</b>	<b>7.94</b>	<b>7.20</b>	<b>6.40</b>
<b>Total Assets</b>	<b>73.48</b>	<b>56.53</b>	<b>41.39</b>	<b>45.70</b>	<b>0.00</b>	<b>0.00</b>	<b>45.50</b>	<b>46.46</b>	<b>49.48</b>	<b>52.60</b>	<b>55.83</b>	<b>59.80</b>
Accounts Payable	5.61	6.12	5.56	5.05			5.05	5.05	5.05	5.05	5.05	5.05
Accrued Expense	2.91	3.14	2.76	2.56			2.56	2.56	2.56	2.56	2.56	2.56
Other current Liabilities	0.00	0.00	0.00	0.41			0.41	0.41	0.41	0.41	0.41	0.41
<b>Total Current Liabilities</b>	<b>8.52</b>	<b>8.88</b>	<b>8.70</b>	<b>8.02</b>	<b>0.00</b>	<b>0.00</b>	<b>8.02</b>	<b>8.02</b>	<b>8.02</b>	<b>8.02</b>	<b>8.02</b>	<b>8.02</b>
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	2.50	1.67	1.95	1.95			1.95	0.00	0.00	0.00	0.00	0.00
Long term Debt	22.31	23.57	3.24	4.34	0.00	0.00	4.34	3.34	2.34	1.34	0.34	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
<b>Total Interest Earning Debt</b>	<b>24.81</b>	<b>25.24</b>	<b>5.19</b>	<b>6.29</b>	<b>0.00</b>	<b>0.00</b>	<b>6.29</b>	<b>3.34</b>	<b>2.34</b>	<b>1.34</b>	<b>0.34</b>	<b>0.00</b>
Deferred Income tax	0.40	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
Other liabilities	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>	<b>33.73</b>	<b>34.12</b>	<b>13.89</b>	<b>14.31</b>	<b>0.00</b>	<b>0.00</b>	<b>14.31</b>	<b>11.36</b>	<b>10.36</b>	<b>9.36</b>	<b>8.36</b>	<b>8.02</b>
Redeemable Preferred Stock	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
Common Stock	0.10	0.10	0.10	0.11		0.00	0.11	0.11	0.11	0.11	0.11	0.11
Additional Paid-in capital	39.25	39.99	41.01	42.23	0.00	0.00	42.23	42.23	42.23	42.23	42.23	42.23
Dividends Paid	0.00	0.00	0.00	0.00			0.00	-1.00	-2.00	-3.00	-4.00	-5.00
Retained Earnings	2.46	-14.63	-10.03	-6.58		0.00	-6.58	-1.67	3.35	8.47	13.70	19.01
Treasury Stock	-2.07	-3.06	-3.58	-4.36			-4.36	-4.36	-4.36	-4.36	-4.36	-4.36
Other Equity	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Equity</b>	<b>39.74</b>	<b>22.40</b>	<b>27.50</b>	<b>31.40</b>	<b>0.00</b>	<b>0.00</b>	<b>31.40</b>	<b>35.31</b>	<b>39.33</b>	<b>43.45</b>	<b>47.68</b>	<b>51.99</b>
<b>Liability + Equity</b>	<b>73.47</b>	<b>56.52</b>	<b>41.39</b>	<b>45.71</b>	<b>0.00</b>	<b>0.00</b>	<b>45.71</b>	<b>46.67</b>	<b>49.69</b>	<b>52.81</b>	<b>56.04</b>	<b>60.01</b>
<b>Variance</b>	<b>0.01</b>	<b>0.01</b>	<b>0.00</b>	<b>-0.01</b>			<b>-0.21</b>	<b>-0.21</b>	<b>-0.21</b>	<b>-0.21</b>	<b>-0.21</b>	<b>-0.21</b>
<b>Debt/Equity</b>	<b>0.62</b>	<b>1.13</b>	<b>0.19</b>	<b>0.20</b>			<b>0.20</b>	<b>0.09</b>	<b>0.06</b>	<b>0.03</b>	<b>0.01</b>	<b>0.00</b>
Inventory Turnover	5.43	7.44	8.24	6.63			6.63	6.70	6.77	6.84	6.90	6.97
Inventory Turnover Days	67.16	49.07	44.32	55.01			55.01	54.47	53.93	53.39	52.87	52.34
Days Inventory Outstanding	89.37	62.62	57.93	70.83			70.83	69.83	69.14	68.45	67.78	67.10
Accounts Receivable Turnover	4.66	5.04	4.88	5.05			5.05	5.10	5.15	5.20	5.25	5.31
Accounts Receivable Turnover Days	78.37	72.42	74.76	72.29			72.29	71.58	70.87	70.17	69.47	68.79
Days Payable Outstanding	36.38	32.61	30.82	26.38			26.38	26.01	25.75	25.49	25.24	24.99
Days Sales Outstanding	78.37	72.42	74.76	72.29			72.29	72.29	71.58	70.87	70.17	69.47
Cash Conversion Cycle	131.36	102.42	101.87	116.74			116.74	116.12	114.97	113.83	112.70	111.59

SN VALUATION

LBO Adjusted Proforma Cash Flow

	12 months ending 2008-03-30	12 months ending 2009-03-29	12 months ending 2010-03-28	12 months ending 2011-04-03	2011	2012	2013	2014	2015
Net Income	4.35	-17.09	4.78	4.31	4.91	5.02	5.12	5.23	5.30
Depreciation	0.35	0.28	0.29	0.26	0.29	0.29	0.29	0.29	0.30
<b>Net Income + Depreciation</b>	<b>4.70</b>	<b>-16.81</b>	<b>5.07</b>	<b>4.57</b>	<b>5.19</b>	<b>5.31</b>	<b>5.41</b>	<b>5.52</b>	<b>5.60</b>
Amortization	0.78	1.75	1.54	1.22	1.41	1.54	1.48	1.44	1.50
Deferred Taxes	1.23	-2.09	0.27	0.17	0.00	0.00	0.00	0.00	0.00
Non Cash Items	0.82	23.86	1.17	1.02	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-4.86	1.66	2.43	-4.97	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-1.26	-0.29	-0.19	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	2.03	1.30	-3.11	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-0.01	-0.55	-0.74	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	0.51	-0.56	-0.51	0.00	0.00	0.00	0.00	0.00
<b>Cash from Operating Activities</b>	<b>2.67</b>	<b>8.37</b>	<b>10.48</b>	<b>2.01</b>	<b>6.60</b>	<b>6.84</b>	<b>6.89</b>	<b>6.96</b>	<b>7.10</b>
Capital Expenditures	-0.19	-0.37	-0.17	-0.20	-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
Intangibles	-0.34	0.09	-4.94	-1.56	0.00	0.00	0.00	0.00	0.00
<b>Cash from Investing Activities</b>	<b>-0.53</b>	<b>-0.28</b>	<b>-5.11</b>	<b>-1.76</b>	<b>-1.00</b>	<b>-1.00</b>	<b>-1.00</b>	<b>-1.00</b>	<b>-1.00</b>
Financing Cash flow items	0.00	0.02	0.10	0.15	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	-0.75	1.00	1.00	1.00	1.00	1.00
Issuance (Retirement) of Stock	-2.03	-0.96	-0.36	-0.42	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	-1.95	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	7.78	0.18	-20.31	0.91	-1.00	-1.00	-1.00	-1.00	-0.34
<b>Cash from Financing Activities</b>	<b>5.75</b>	<b>-0.76</b>	<b>-20.57</b>	<b>-0.11</b>	<b>-3.95</b>	<b>-2.00</b>	<b>-2.00</b>	<b>-2.00</b>	<b>-1.34</b>
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	0.03	7.93	15.25	0.07	0.20	1.85	5.69	9.58	13.55
<b>Net Change in Cash</b>	<b>7.90</b>	<b>7.32</b>	<b>-15.17</b>	<b>0.13</b>	<b>1.65</b>	<b>3.84</b>	<b>3.89</b>	<b>3.96</b>	<b>4.76</b>
Ending Cash Balance	7.93	15.25	0.08	0.20	1.85	5.69	9.58	13.55	18.31

Depreciation to Sales	0.47%	0.32%	0.34%	0.29%	0.32%	0.32%	0.31%	0.31%	0.31%
Amortization to Sales	1.04%	2.00%	1.79%	1.36%	1.55%	1.67%	1.59%	1.54%	1.59%
A/R to Sales	21.47%	19.84%	20.48%	19.81%	19.61%	19.42%	19.22%	19.03%	18.85%
Distributable FCF Yield	5.67%	21.42%	14.22%	0.66%	14.83%	15.47%	15.59%	15.79%	16.15%
Dividend Yield	0.00%	0.00%	0.00%	-2.37%	3.16%	3.16%	3.16%	3.16%	3.16%

# SN VALUATION

# LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	0.13	1.65	3.84	3.89	3.96	4.76
Current Portion Debt Repayment		1.95				
Long Term Debt Repayment		1.00	1.00	1.00	1.00	0.34
<b>Outstanding Debt</b>	6.29	3.34	2.34	1.34	0.34	0.00
Current Portion Debt Balance	1.95	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	4.34	3.34	2.34	1.34	0.34	0.00
Forward Libor Curve		4.00%	4.00%	4.00%	4.00%	4.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
<b>Interest Rate</b>		<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>
<b>Interest Expense</b>		<b>0.27</b>	<b>0.19</b>	<b>0.11</b>	<b>0.03</b>	<b>0.00</b>
Cash Balance		0.20				
Interest @ 1.0%		0.00	0.00	0.00	0.00	0.00
<b>Net Interest Expense/(Income)</b>		<b>0.27</b>	<b>0.19</b>	<b>0.11</b>	<b>0.03</b>	<b>(0.00)</b>
<b>Net Interest Rate</b>		<b>6.11%</b>	<b>5.54%</b>	<b>4.50%</b>	<b>1.88%</b>	<b>-0.59%</b>
EBITDA		7.27	7.34	7.42	7.49	7.56
<b>EBITDA/Interest Expense Coverage</b>		<b>27.21</b>	<b>39.22</b>	<b>69.18</b>	<b>275.36</b>	<b>#DIV/0!</b>

Interest Rate Coverage Table

Debt Rating	2011	2012	2013	2014	2015
AAA	AAA	AAA	AAA	AAA	#DIV/0!
AA					#DIV/0!
A+					#DIV/0!
A					#DIV/0!
A-					#DIV/0!
BBB					#DIV/0!
BB+					#DIV/0!
BB					#DIV/0!
B+					#DIV/0!
B					#DIV/0!
B-					#DIV/0!
CCC					#DIV/0!
CC					#DIV/0!
C					#DIV/0!
D					#DIV/0!

\*Source: NYU; Professor Damodaran