

January 16, 2013

SN VALUATION [Stocks, Real Estate, Bonds]

Dell (DELL)

Price:	\$12.29
Market Cap:	\$21,384,600,000
Cash:	\$11,272,000,000
Debt:	\$10,224,000,000
Net Cash:	\$1,048,000,000
Enterprise Value:	\$20,336,600,000
Target Market Cap:	\$13,569,188,236
Target Enterprise Value:	\$12,521,188,236

Price/Book:	2.01
EV/FCF:	4.19
Net Tang. Asset/Share:	-\$2.23
Avg. Year 1-5 FCF/Share:	\$1.09
5 Years of FCF:	\$5.43
Net Tang. Asset+5 FCF:	\$3.21

Net Tang. Asset Yr. 5/Share:	\$2.36
Avg. Year FCF/Share:	\$1.09
Year 5 Disposition FCF Multiple:	5.0
Year 5 Disposition Price:	\$7.80
Gain Year 5:	\$4.59

Net Tang. Asset+5 FCF+ Gain Disposition:	\$7.80
IRR:	-8.70%

Assumed Deal Details

Debt	60.00%	\$12,830,760,000
Equity	40.00%	\$8,553,840,000
Shares Outstanding		1,740,000,000

Levered Return

New market cap in 5 years	\$13,569,188,236
Nominal Gain for Equity	-\$7,815,411,764
Levered Equity Return	-38.73%

I believe shareholders will benefit should the co. be taken private by TPG, or Silverlake, or a consortium. I am worried about the deal for the acquiror since there is not much value proposition, unless there is a sum of parts story, I am unaware of. The shares are pricey relative to the co.'s earning power or net tangible assets. The co. makes about \$2BB after cap ex expenditures and we believe a stock price south of \$8, would be a good price for an acquisition. Its a dying PC market and we don't see possible value creation from Dell in the long term (+10 years), unless they can innovate and establish a footprint in the growing sectors (enterprise servers, tablets/smart phones). TPG, Silverlake must know what they are doing right? They have all the credentials and brain power to run their own due diligence, but on the surface, we are not sure if it will pay off for them. But for the rest of us, profit!

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LBO Analysis

WACC Terminal Value:	N/A	Intrinsic Price in 5 Years:	11.43	Non-LBO Forecast	Non-LBO Forecast
EV/EBITDA with 3X Multiple Terminal Value:	\$11.35	Market Price:	12.29	Year 1 Target	12.11
Net Tangible Asset Terminal Value:	\$0.65	LBO Price:	12.29	Year 2 Target	11.94
EV/EBITDA with Today's Multiple Terminal Value:	\$14.90	Premium to Market Price:	0.00%	Year 3 Target	11.77
EVA Enterprise Value:	\$18.83	LBO Price/Intrinsic Price Target:	-1.43%	Year 4 Target	11.60
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	-3.29%	Year 5 Target	11.43
Average (Excluding Dividend Discount):	\$11.43	Implied IRR at today's EV/EBITDA:	3.92%	Implied IRR (Market Price):	-1.43%
		5 Year Return:	-6.97%	Desired Return Rate	20.00%
				Implied Today's Price	4.59
				Overvalued/(Undervalued)	167.47%

Current Evaluation				Exit Evaluation			
Current Market Price:	12.29	LBO Price:	12.29	Exit Price:	11.43	Exit Price:	14.90
Outstanding Shares:	1,740,000,000	Outstanding Shares:	1,740,000,000	Outstanding Shares:	1,740,000,000	Outstanding Shares:	1,740,000,000
Market Capitalization:	21,384,600,000	Market Capitalization:	21,384,600,000	Market Capitalization:	19,894,135,539	Market Capitalization:	25,923,859,624
Available Cash:	11,272,000,000	Available Cash:	11,272,000,000	Available Cash:	20,728,294,729	Available Cash:	20,728,294,729
Debt:	10,224,000,000	Debt:	10,224,000,000	Debt:	10,224,000,000	Debt:	10,224,000,000
Net Cash:	1,048,000,000	Net Cash:	1,048,000,000	Net Cash:	10,504,294,729	Net Cash:	10,504,294,729
Enterprise Value:	20,336,600,000	Enterprise Value:	20,336,600,000	Enterprise Value:	9,389,840,810	Enterprise Value:	15,419,564,895
Original EV/EBITDA:	4.59	EV/EBITDA:	4.59	EV/EBITDA at 5 Years:	3.04	EV/EBITDA at 5 Years:	5.00
Original EV/EBITDA:	3.79	EV/EBITDA:	3.79	EV/EBITDA at 5 Years:	3.47	EV/EBITDA at 5 Years:	3.75
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:	12.29	12.29	12.11	11.94	11.77	11.60	11.43
Shares Outstanding:	1,740,000,000	1,740,000,000	1,740,000,000	1,740,000,000	1,740,000,000	1,740,000,000	1,740,000,000
Market Capitalization:	21,384,600,000	21,384,600,000	21,077,831,067	20,775,462,832	20,477,432,166	20,183,676,845	19,894,135,539
Available Cash:	11,272,000,000	11,272,000,000	13,048,726,785	14,881,585,736	16,771,699,495	18,720,213,160	20,728,294,729
Debt:	10,224,000,000	10,224,000,000	10,224,000,000	10,224,000,000	10,224,000,000	10,224,000,000	10,224,000,000
Net Cash:	1,048,000,000	1,048,000,000	2,824,726,785	4,657,585,736	6,547,699,495	8,496,213,160	10,504,294,729
Enterprise Value:	20,336,600,000	20,336,600,000	18,253,104,282	16,117,877,096	13,929,732,670	11,687,463,685	9,389,840,810
EBIT	4,431,000,000	4,431,000,000	2,849,058,900	2,906,040,078	5	3,023,444,097	3,083,912,979
EV/EBIT:	4.59	4.59	6.41	5.55	2,785,946,534.08	3.87	3.04
EBITDA	5,367,000,000	5,367,000,000	3,803,778,900	3,879,854,478	3,957,451,568	4,036,600,599	4,117,332,611
EV/EBITDA:	3.79	3.79	4.80	4.15	3.52	2.90	2.28

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	12.29	12.29	9.14	10.34	3.76	12.86	14.17
Shares Outstanding:	1,740,000,000	1,740,000,000	1,740,000,000	1,740,000,000	1,740,000,000	1,740,000,000	1,740,000,000
Market Capitalization:	21,384,600,000	21,384,600,000	15,900,820,494	17,995,201,319	6,547,699,518	22,372,668,413	24,658,279,087
Available Cash:	11,272,000,000	11,272,000,000	13,048,726,785	14,881,585,736	16,771,699,495	18,720,213,160	20,728,294,729
Debt:	10,224,000,000	10,224,000,000	10,224,000,000	10,224,000,000	10,224,000,000	10,224,000,000	10,224,000,000
Net Cash:	1,048,000,000	1,048,000,000	2,824,726,785	4,657,585,736	6,547,699,495	8,496,213,160	10,504,294,729
Enterprise Value:	20,336,600,000	20,336,600,000	13,076,093,709	13,337,615,583	23	13,876,455,253	14,153,984,358
EBIT	4,431,000,000	4,431,000,000	2,849,058,900	2,906,040,078	5	3,023,444,097	3,083,912,979
EV/EBIT:	4.59	4.59	4.59	4.59	4.59	4.59	4.59
EBITDA	5,367,000,000	5,367,000,000	3,803,778,900	3,879,854,478	3,957,451,568	4,036,600,599	4,117,332,611
EV/EBITDA:	3.79	3.79	3.44	3.44	0.00	3.44	3.44

LBO Price	12.29	Equity Partners:	30,638,600,000	Weighting	100.00%	Annualized Return for Equity Partners: -3.29%
Shares Outstanding	1,740,000,000	Debt Partners:	0		0.00%	
Market Capitalization	21,384,600,000	Total Funds for LBO:	30,638,600,000		100.00%	
Debt	9,254,000,000					
Cash	11,272,000,000					
Enterprise Value	19,366,600,000					
Capital Investment	30,638,600,000					

Book Value		Enterprise Value		Stock Valuation		Debt Reduction	
Beginning Book Value	10,620.00	Beginning Enterprise Value	20,336.60	Current Market Price	\$12.29	Starting Debt	6,500.00
Year 5 Book Value	18,607.89	Year 5 Enterprise Value	15,419.56	Year 5 Market Price	\$14.90	Debt Repayment	0.00
Annualized Return	11.87%	Annualized Return	-5.39%	Annualized Return	3.92%	Year 5 Ending Debt	6,500.00
						% of Starting Debt	100.00%

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LBO Pro Forma Income Statement

Name:

Dell

Ticker:

DELL

	Historical				Forecasted				
	52 weeks ending 2009-01-30	52 weeks ending 2010-01-29	52 weeks ending 2011-01-28	52 weeks ending 2012-02-03	2013	2014	2015	2016	2017
Revenue	61,101.00	52,902.00	61,494.00	62,071.00	63,312.42	64,578.67	65,870.24	67,187.65	68,531.40
COGS	50,144.00	43,641.00	50,098.00	48,260.00	50,649.94	51,662.93	52,696.19	53,750.12	54,825.12
Gross margin	10,957.00	9,261.00	11,396.00	13,811.00	12,662.48	12,915.73	13,174.05	13,437.53	13,706.28
SG&A	6,966.00	6,228.00	7,234.00	8,524.00	8,863.74	9,041.01	9,221.83	9,406.27	9,594.40
R&D	653.00	617.00	653.00	856.00	949.69	968.68	988.05	1,007.81	1,027.97
Unusual expense	138.00	244.00	4.00	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
Operating Income (EBITA)	3,190.00	2,172.00	3,505.00	4,431.00	2,849.06	2,906.04	2,964.16	3,023.44	3,083.91
Interest income/(expense)	192.00	-160.00	-142.00	-185.00	-507.51	-507.51	-507.51	-507.51	-507.51
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	-58.00	12.00	-13.00	-6.00	0.00	0.00	0.00	0.00	0.00
Income before tax	3,324.00	2,024.00	3,350.00	4,240.00	2,341.55	2,398.53	2,456.65	2,515.93	2,576.40
Tax	846.00	591.00	719.00	748.00	819.54	839.49	859.83	880.58	901.74
Income after tax	2,478.00	1,433.00	2,635.00	3,492.00	1,522.01	1,559.04	1,596.82	1,635.36	1,674.66
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	2,478.00	1,433.00	2,635.00	3,492.00	1,522.01	1,559.04	1,596.82	1,635.36	1,674.66
*Figures are in millions (\$)									
EPS (based off today's share count)	\$1.42	\$0.82	\$1.51	\$2.01	\$0.87	\$0.90	\$0.92	\$0.94	\$0.96
P/E (historical today's price; forecasted intrinsic price)	8.63	14.92	8.12	6.12	13.85	13.33	12.82	12.34	11.88
Revenue Growth	N/A	-13.42%	16.24%	0.94%	2.00%	2.00%	2.00%	2.00%	2.00%
Tax Rate	25.45%	29.20%	21.34%	17.64%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	9.55%	-3.92%	-2.37%	-2.00%	-7.81%	-7.81%	-7.81%	-7.81%	-7.81%
Margins									
COGS	82.07%	82.49%	81.47%	77.75%	80.00%	80.00%	80.00%	80.00%	80.00%
Gross margin	17.93%	17.51%	18.53%	22.25%	20.00%	20.00%	20.00%	20.00%	20.00%
SG&A	11.40%	11.77%	11.76%	13.73%	14.00%	14.00%	14.00%	14.00%	14.00%
R&D	1.09%	1.17%	1.06%	1.38%	1.50%	1.50%	1.50%	1.50%	1.50%
Unusual expense	0.23%	0.46%	0.01%	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%
Operating Income (EBITA)	5.22%	4.11%	5.70%	7.14%	4.50%	4.50%	4.50%	4.50%	4.50%
Interest income/(expense)	0.31%	-0.30%	-0.23%	-0.30%	-0.80%	-0.79%	-0.77%	-0.76%	-0.74%
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	-0.09%	0.02%	-0.02%	-0.01%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	5.44%	3.83%	5.45%	6.83%	3.70%	3.71%	3.73%	3.74%	3.76%
Tax	1.38%	1.12%	1.16%	1.21%	1.29%	1.30%	1.31%	1.31%	1.32%
Income after tax	4.06%	2.71%	4.28%	5.63%	2.40%	2.46%	2.52%	2.58%	2.65%
Minority Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	4.06%	2.71%	4.28%	5.63%	2.40%	2.41%	2.42%	2.43%	2.44%

	As of 2009-01-30	As of 2010-01-29	As of 2011-01-28	As of 2012-02-03	As of 2012-11-02	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	8,352.00	10,635.00	13,913.00	13,852.00	10,991.00			10,991.00	12,767.73	14,600.59	16,490.70	18,439.21	20,447.29
Short term investment	740.00	373.00	452.00	966.00	281.00			281.00	281.00	281.00	281.00	281.00	281.00
Cash and Short term	9,092.00	11,008.00	14,365.00	14,818.00	11,272.00			11,272.00	13,048.73	14,881.59	16,771.70	18,720.21	20,728.29
Accounts Receivable	4,731.00	5,837.00	6,493.00	6,476.00	6,187.00			6,187.00	6,187.00	6,187.00	6,187.00	6,187.00	6,187.00
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	4,731.00	5,837.00	6,493.00	6,476.00	6,187.00			6,187.00	6,187.00	6,187.00	6,187.00	6,187.00	6,187.00
Total Inventory	867.00	1,051.00	1,301.00	1,404.00	1,364.00			1,364.00	1,364.00	1,364.00	1,364.00	1,364.00	1,364.00
Prepaid Expenses	447.00	539.00	374.00	362.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets	3,302.00	3,104.00	2,845.00	3,061.00	3,688.00			3,688.00	3,688.00	3,688.00	3,688.00	3,688.00	3,688.00
Current Assets	18,439.00	21,539.00	25,378.00	26,121.00	22,511.00	0.00	0.00	22,511.00	24,287.73	26,120.59	28,010.70	29,959.21	31,967.29
PP&E, Gross	4,510.00	4,652.00	4,729.00	4,800.00	4,800.00			4,800.00	5,500.00	6,200.00	6,900.00	7,600.00	8,300.00
Change in Depreciation		852.00	970.00	936.00	936.00			936.00	954.72	973.81	993.29	1,013.16	1,033.42
Accumulated Depreciation	2,233.00	2,471.00	2,776.00	3,000.00	3,000.00			3,000.00	3,954.72	4,928.53	5,921.83	6,934.98	7,968.40
PP&E, Net	2,277.00	2,181.00	1,953.00	1,800.00	1,800.00			1,800.00	1,545.28	1,271.47	978.17	665.02	331.60
Goodwill	1,737.00	4,074.00	4,365.00	5,838.00	9,191.00	0.00		9,191.00	9,191.00	9,191.00	9,191.00	9,191.00	9,191.00
Intangibles	724.00	1,694.00	1,495.00	1,857.00	3,511.00			3,511.00	3,511.00	3,511.00	3,511.00	3,511.00	3,511.00
Long term investments	454.00	781.00	704.00	3,404.00	2,908.00			2,908.00	2,908.00	2,908.00	2,908.00	2,908.00	2,908.00
Other long term assets	657.00	345.00	262.00	490.00	664.00			664.00	664.00	664.00	664.00	664.00	664.00
Long Term Assets	5,849.00	9,075.00	8,779.00	13,389.00	18,074.00			18,074.00	17,819.28	17,545.47	17,252.17	16,939.02	16,605.60
Total Assets	24,288.00	30,614.00	34,157.00	39,510.00	40,585.00	0.00	0.00	40,585.00	42,107.01	43,666.05	45,262.87	46,898.23	48,572.89
Accounts Payable	8,309.00	11,373.00	11,293.00	11,656.00	11,656.00			11,656.00	11,656.00	11,656.00	11,656.00	11,656.00	11,656.00
Accrued Expense	2,965.00	3,458.00	3,652.00	3,502.00	3,502.00			3,502.00	3,502.00	3,502.00	3,502.00	3,502.00	3,502.00
Other current Liabilities	3,472.00	3,466.00	3,687.00	3,976.00	4,027.00			4,027.00	4,027.00	4,027.00	4,027.00	4,027.00	4,027.00
Total Current Liabilities	14,746.00	18,297.00	18,632.00	19,134.00	19,185.00	0.00	0.00	19,185.00	19,185.00	19,185.00	19,185.00	19,185.00	19,185.00
Notes Payables/Short Term Debt	113.00	663.00	851.00	2,867.00	3,724.00			3,724.00	3,724.00	3,724.00	3,724.00	3,724.00	3,724.00
Current port. Of LT Debt/Capital Leases	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	1,898.00	3,417.00	5,146.00	6,387.00	6,500.00	0.00	0.00	6,500.00	6,500.00	6,500.00	6,500.00	6,500.00	6,500.00
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	2,011.00	4,080.00	5,997.00	9,254.00	10,224.00	0.00	0.00	10,224.00	10,224.00	10,224.00	10,224.00	10,224.00	10,224.00
Deferred Income tax	0.00	0.00	0.00	405.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Minority Interest	0.00	0.00	0.00	0.00	21.00			21.00	21.00	21.00	21.00	21.00	21.00
Other liabilities	5,472.00	5,634.00	6,204.00	6,823.00	5,839.00			5,839.00	5,839.00	5,839.00	5,839.00	5,839.00	5,839.00
Total Liabilities	22,229.00	28,011.00	30,833.00	35,616.00	35,269.00	0.00	0.00	35,269.00	35,269.00	35,269.00	35,269.00	35,269.00	35,269.00
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	11,189.00	11,472.00	11,797.00	12,187.00	12,187.00		0.00	12,187.00	12,187.00	12,187.00	12,187.00	12,187.00	12,187.00
Additional Paid-in capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	20,677.00	22,110.00	24,744.00	28,236.00	29,939.00		0.00	29,939.00	31,461.01	33,020.05	34,616.87	36,252.23	37,926.89
Treasury Stock	-27,904.00	-27,904.00	-28,704.00	-31,445.00	-31,445.00			-31,445.00	-31,445.00	-31,445.00	-31,445.00	-31,445.00	-31,445.00
Other Equity	309.00	-37.00	-71.00	-61.00	-61.00		0.00	-61.00	-61.00	-61.00	-61.00	-61.00	-61.00
Total Equity	4,271.00	5,641.00	7,766.00	8,917.00	10,620.00	0.00	0.00	10,620.00	12,142.01	13,701.05	15,297.87	16,933.23	18,607.89
Liability + Equity	26,500.00	33,652.00	38,599.00	44,533.00	45,889.00	0.00	0.00	45,889.00	47,411.01	48,970.05	50,566.87	52,202.23	53,876.89
Variance	-2,212.00	-3,038.00	-4,442.00	-5,023.00	-5,304.00			-5,304.00	-5,304.00	-5,304.00	-5,304.00	-5,304.00	-5,304.00
Debt/Equity	0.47	0.72	0.77	1.04	0.96			0.96	0.84	0.75	0.67	0.60	0.55
Inventory Turnover	70.47	50.33	47.27	44.21	46.42			45.51	46.42	47.35	48.29	49.26	50.24
Inventory Turnover Days	5.18	7.25	7.72	8.26	7.86			8.02	7.86	7.71	7.56	7.41	7.26
Days Inventory Outstanding	6.31	8.79	9.48	10.62	9.83			10.32	9.83	9.64	9.45	9.26	9.08
Accounts Receivable Turnover	12.92	9.06	9.47	9.58	10.23			10.03	10.23	10.44	10.65	10.86	11.08
Accounts Receivable Turnover Days	28.26	40.27	38.54	38.08	35.67			36.38	35.67	34.97	34.28	33.61	32.95
Days Payable Outstanding	60.48	95.12	82.28	88.16	84.00			88.16	84.00	82.35	80.74	79.15	77.60
Days Sales Outstanding	28.26	40.27	38.54	38.08	35.67			38.08	36.38	35.67	34.97	34.28	33.61
Cash Conversion Cycle	-25.91	-46.06	-34.26	-39.46	-38.50			-39.76	-37.79	-37.04	-36.32	-35.61	-34.91
Net tangible assets/share	\$0.19	(\$0.85)	(\$0.60)	(\$1.12)	(\$2.23)				(\$1.35)	(\$0.46)	\$0.46	\$1.40	\$2.36

SN VALUATION

LBO Adjusted Proforma Cash Flow

	52 weeks ending 2009-01-30	52 weeks ending 2010-01-29	52 weeks ending 2011-01-28	52 weeks ending 2012-02-03	2011	2012	2013	2014	2015
Net Income	2,478.00	1,433.00	2,635.00	3,492.00	1,522.01	1,559.04	1,596.82	1,635.36	1,674.66
Depreciation	769.00	852.00	970.00	936.00	954.72	973.81	993.29	1,013.16	1,033.42
Net Income + Depreciation	3,247.00	2,285.00	3,605.00	4,428.00	2,476.73	2,532.86	2,590.11	2,648.51	2,708.08
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	86.00	-52.00	-45.00	19.00	0.00	0.00	0.00	0.00	0.00
Non Cash Items	536.00	902.00	736.00	612.00	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-1,975.00	771.00	-327.00	468.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-1,106.00	-556.00	17.00	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	-184.00	-250.00	-103.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-92.00	165.00	12.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	3,064.00	-80.00	363.00	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	1,894.00	3,906.00	3,969.00	5,527.00	2,476.73	2,532.86	2,590.11	2,648.51	2,708.08
Capital Expenditures Expenditures	-440.00	-367.00	-444.00	-675.00	-700.00	-700.00	-700.00	-700.00	-700.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	617.00	-3,442.00	-721.00	-5,491.00	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	177.00	-3,809.00	-1,165.00	-6,166.00	-700.00	-700.00	-700.00	-700.00	-700.00
Financing Cash flow items	0.00	-2.00	2.00	4.00	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	-2,788.00	2.00	-788.00	-2,677.00	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	1,382.00	2,012.00	1,263.00	3,250.00	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-1,406.00	2,012.00	477.00	577.00	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	-77.00	174.00	-3.00	1.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	7,764.00	8,352.00	10,635.00	13,913.00	10,991.00	12,767.73	14,600.59	16,490.70	18,439.21
Net Change in Cash	588.00	2,283.00	3,278.00	-61.00	1,776.73	1,832.86	1,890.11	1,948.51	2,008.08
Ending Cash Balance	8,352.00	10,635.00	13,913.00	13,852.00	12,767.73	14,600.59	16,490.70	18,439.21	20,447.29
Capex to Revenue	0.72%	0.69%	0.72%	1.09%	1.11%	1.08%	1.06%	1.04%	1.02%
Depreciation to Sales	1.26%	1.61%	1.58%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%
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	7.74%	11.03%	10.56%	10.43%	10.23%	10.03%	9.83%	9.64%	9.45%
Distributable FCF Yield	10.18%	0.48%	13.79%	-3.14%	8.74%	9.01%	9.29%	9.58%	9.87%
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing-Dividends)	1,454.00	3,539.00	3,525.00	4,852.00	1,776.73	1,832.86	1,890.11	1,948.51	2,008.08

SN VALUATION

LBO Debt Schedule

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	-61.00	1,776.73	1,832.86	1,890.11	1,948.51	2,008.08
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	9367.00	9367.00	9367.00	9367.00	9367.00	9367.00
Current Portion Debt Balance	2,867.00	2,867.00	2,867.00	2,867.00	2,867.00	2,867.00
Long Term Debt Balance	6,500.00	6,500.00	6,500.00	6,500.00	6,500.00	6,500.00
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		655.69	655.69	655.69	655.69	655.69
Cash Balance		14,818.00				
Interest @ 1.0%		148.18	148.18	148.18	148.18	148.18
Net Interest Expense/(Income)		507.51	507.51	507.51	507.51	507.51
Net Interest Rate		7.81%	7.81%	7.81%	7.81%	7.81%
EBITDA		2849.06	2906.04	2964.16	3023.44	3083.91
EBITDA/Interest Expense Coverage		4.35	4.43	4.52	4.61	4.70

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Dell

Ticker:

DELL

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	3,693.00	3,242.00	6,746.00	3,326.00	5,102.73	6,935.59	8,825.70	10,774.21	12,782.29
Total Assets	24,288.00	30,614.00	34,157.00	40,585.00	42,107.01	43,666.05	45,262.87	46,898.23	48,572.89
X1	0.15	0.11	0.20	0.08	0.12	0.16	0.19	0.23	0.26
Retained Earnings	20,677.00	22,110.00	24,744.00	29,939.00	31,461.01	33,020.05	34,616.87	36,252.23	37,926.89
Total Assets	24,288.00	30,614.00	34,157.00	40,585.00	42,107.01	43,666.05	45,262.87	46,898.23	48,572.89
X2	0.85	0.72	0.72	0.74	0.75	0.76	0.76	0.77	0.78
EBITDA	3,190.00	2,172.00	3,505.00	4,431.00	2,849.06	2,906.04	2,964.16	3,023.44	3,083.91
Total Assets	24,288.00	30,614.00	34,157.00	40,585.00	42,107.01	43,666.05	45,262.87	46,898.23	48,572.89
X3	0.13	0.07	0.10	0.11	0.07	0.07	0.07	0.06	0.06
Market Value of Equity	21,384.60	21,384.60	21,384.60	21,384.60	21,077.83	20,775.46	20,477.43	20,183.68	19,894.14
Total Liabilities	22,229.00	28,011.00	30,833.00	35,269.00	35,269.00	35,269.00	35,269.00	35,269.00	35,269.00
X4	0.96	0.76	0.69	0.61	0.60	0.59	0.58	0.57	0.56
Net Sales	61,101.00	52,902.00	61,494.00	62,071.00	63,312.42	64,578.67	65,870.24	67,187.65	68,531.40
Total Assets	24,288.00	30,614.00	34,157.00	40,585.00	42,107.01	43,666.05	45,262.87	46,898.23	48,572.89
X5	2.52	1.73	1.80	1.53	1.50	1.48	1.46	1.43	1.41
Altman Z Score	4.90	3.56	3.81	3.38	3.28	3.30	3.32	3.35	3.37

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

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