

Analyst: Sung Nam

Dolan Co (DM)

Market Price:	\$8.95	EBITDA/Share:	\$2.79	Net Asset/Share:	-\$4.72
DCF: EV/EBITDA Terminal Value	9.471%	DCF: Net Tangible Asset excluding Cash/Debt Terminal Value		-162.828%	
EBITDA-Cap Ex/Share	\$2.46	EVA Analysis:		2.677%	

Overview

The company provides business information and professional services to the legal, financial and real estate sectors. They publish journals, newspapers and run websites. They also provide business services such as "NDeX is a leading provider of mortgage default processing services in the United States and Counsel Press is the nation's largest provider of appellate services to the legal community."

We are cautious with media companies, especially printed news, but the company provides a specialized product with good growth rates.

Company is selling a tad below book (97%).

Dividend?

Dividend yield is 0.0%.

Cashflow Generation

Cashflows are \$45 MM from operating cashflow.

Capex is \$10 MM, minority interest payment is \$6 MM, intangibles are \$0 MM and dividend is \$0 MM.

Free cash flow is about \$30 MM.

18.8% EBITA margin and FCF yield is 9.3%.

The company has \$5 MM in cash/short term investment and \$140 MM in debt.

We are projecting a \$20 MM paydown annually.

Profitability

ROA is 6.1%, and ROC is 11.7%.

LBO?

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

Price

We are forecasting a \$9.88/share in Year 5, or a 10.4% holding return, or 1.99% annual return. Thus, the 1 year forecasted price is \$9.10.

Financial Times is showing 1 Buy, 2 Outperform, 2 Holds. \$12 high, \$11 med, \$11 low.

The Dolan Company is a provider of necessary professional services and business information to legal, financial, real estate and governmental affairs sectors in the United States. The Company serves its customers through two complementary operating divisions: its Professional Services Division and its Business Information Division. The Company's Professional Services Division consists of two operating segments: mortgage default processing services and litigation support services. Its Business Information Division publishes business journals, court and commercial media and other focused information products and services, operates Websites and produces events for targeted professional audiences in each of the 21 geographic markets that it serves across the United States. On December 1, 2010, the Company acquired DataStream Content Solutions, LLC (DataStream). On August 9, 2010, it acquired certain assets of Federal News Service, Inc. (Federal News).

						Income Statement			
Company Name:	Dolan Co	Market Capitalization:	\$270,021,500.00	Revenue:	\$293,950,000.00		100.0%		
Ticker Symbol:	DM	Total Debt:	\$139,150,000.00	Cost of Goods Sold:	\$104,140,000.00		35.4%		
Last Price:	\$8.95	Total Cash:	\$4,860,000.00	Gross Profit:	\$189,810,000.00		64.6%		
Net Cash/Share:	-\$4.45	Net Cash/(Debt):	-\$134,290,000.00	EBITDA:	\$56,260,000.00		19.1%		
Net Cash to Last Price:	-49.73%	Enterprise Value:	\$404,311,500.00	Net Income:	\$19,240,000.00		6.5%		
Shares Outstanding:	30,170,000	Current EV/Share:	\$13.40						
Industry:	Publishing	EBITDA:	\$84,090,000.00						
Sector:	Consumer Cyclical	EV/EBITDA Multiple:	4.81						
		EV/FCF Multiple:	11.26						
		Upper Range				Balance Sheet			
		DCF: EV/EBITDA Terminal Value							
Institutional Ownership:	85.40%	Implied TV from 5 X EV/EBITDA Multiple	\$423,767,870.33	Cash:	\$4,860,000.00				
Mutual Fund Ownership:	1.37%			Short Term Investment:	\$0.00				
Insider Ownership:	13.09%			A/R:	\$59,800,000.00				
Retail Ownership:	-12.95%			PP&E:	\$44,350,000.00				
Float:	86.91%			Assets:	\$535,790,000.00				
		Enterprise Value	\$423,767,870.33	A/P:	\$15,590,000.00				
		Cash at Year 5:	\$31,906,867.72	Deferred Tax:	\$7,790,000.00				
		Debt at Year 5:	\$31,150,000.00	Other Liabilities:	\$94,400,000.00				
		Equity Value Year 5:	\$424,524,738.05	Short term Debt:	\$7,580,000.00				
		Equity/Share at Year 5:	\$14.07	Long Term Debt:	\$131,570,000.00				
		Annualized Return:	9.47%	Liabilities:	\$256,930,000.00				
		Lower Range							
		DCF: Net Tangible Asset excluding Cash/Debt Terminal Value							
		Year 5 Net Tangible Assets excluding cash and debt	-\$27,190,402.64	Retained Earnings:	-\$6,020,000.00				
		Enterprise Value	-\$27,190,402.64	Paid-In Capital:	\$286,150,000.00				
		Cash at Year 5:	\$31,906,867.72	Treasury Stock:	\$0.00				
		Debt at Year 5:	\$31,150,000.00	Stockholder's Equity:	\$278,860,000.00				
		Equity Value Year 5:	-\$26,433,534.92						
		Equity/Share at Year 5:	-\$0.88						
		Annualized Return:	-162.83%						
		EVA				Cash Flow			
		EVA today:	\$448,404,399.33	Net Income:	35,240,000.00				
		EVA in 5 Years:	\$511,721,154.95	Depreciation/Amortization:	25,790,000.00				
		EVA/Share:	\$16.96	Change in Working capital:	-4,080,000.00				
		T	\$31,906,867.72	Cash from Operating Activities:	64,420,000.00				
		Debt at Year 5:	\$31,150,000.00	Capital Expenditures:	-9,160,000.00				
		Equity Value Year 5:	\$512,478,022.67	Cash from Investing Activities:	-26,770,000.00				
		Equity/Share at Year 5:	\$16.99	Total Cash Dividends Paid:	0.00				
		Annualized return	2.68%	Issuance (Retirement) of Stock:	0.00				
		Current Net Tangible Asset		Issuance (Retirement) of Debt:	-29,020,000.00				
		Net Tangible Asset/Share:	-\$4.72	Cash from Financing Activities:	-35,690,000.00				
		Net Tangible Asset/Share in Year 5:	\$10.46			Profitability Margins			
		Annualized return	-217.23%	Debt to Equity:	49.90%				
		Current Equity Price:	\$8.95	Return on Assets:	6.08%				
		Selling at Discount?	Premium	Return on Capital:	7.79%				
		Appreciation Potential:	-152.76%	Return on Equity:	11.68%				
		Dividend Model							
		Next Year Dividend	\$0.00						
		WACC:	5.23%						
		Dividend:	\$0.00						
		Net Income:	\$19,240,000.00						
		Retention Ratio:	100.00%						
		Return on Equity:	11.68%						
		Dividend Growth Rate:	11.68%						

Technicals

52 week low:	\$7.33
Today from 52 week low:	22.10%
52 week high:	\$14.65
Today from 52 week high:	63.69%
50 day Moving Average:	\$8.82
200 day Moving Average:	\$9.53

Analyst/Consensus

Analyst Sales Growth FY1:	-5.40%
Analyst Sales Growth FY2:	6.00%
SN Valuation Estimate FY1:	-6.00%
SN Valuation Estimate FY2:	0.00%

Analyst Earnings Estimate FY1:	\$0.41
Analyst Earnings Estimate FY2:	\$0.58
SN Valuation Earnings Est. FY1:	\$2.80
SN Valuation Earnings Est. FY2:	\$2.84

Multiples

Market Value to Book:	0.97
EV to Book:	1.45
P/E Ratio:	14.03
Trailing P/E Ratio:	14.21
Forward P/E Ratio:	15.43
Beta:	1.54
Dividend:	0
Dividend Yield:	0.00%
Dividend Date:	N/A
Ex-Dividend Date:	N/A

Competitors

Average EV to EBITDA:	N/A
Company EV to EBITDA:	4.81
Average EV to EBIT:	N/A
Company EV to EBITA:	6.94

SN VALUATION

LBO Analysis

WACC Terminal Value:		Intrinsic Price in 5 Years:	9.88	Non-LBO Forecast	Non-LBO Forecast	Desired Return Rate	20.00%
EV/EBITDA with 5X Multiple Terminal Value:	\$14.07	Market Price:	8.95	Year 1 Target	9.13	Implied Today's Price	3.97
Net Tangible Asset Terminal Value:	\$0.00	LBO Price:	8.95	Year 2 Target	9.31	Overvalued/(Undervalued)	125.47%
EV/EBITDA with Today's Multiple Terminal Value:	\$8.45	Premium to Market Price:	0.00%	Year 3 Target	9.50		
EVA Enterprise Value:	\$16.99	LBO Price/Intrinsic Price Target:	1.99%	Year 4 Target	9.68		
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	-9.02%	Year 5 Target	9.88		
Average (Excluding Dividend Discount):	\$9.88	Implied IRR at today's EV/EBITDA:	-1.14%	Implied IRR (Market Price):	1.99%		
		5 Year Return:	10.36%				

Current Evaluation				Exit Evaluation			
Current Market Price:	8.95	LBO Price:	8.95	Exit Price:	9.88	Exit Price:	8.45
Outstanding Shares:	30,170,000	Outstanding Shares:	30,170,000	Outstanding Shares:	30,170,000	Outstanding Shares:	30,170,000
Market Capitalization:	270,021,500	Market Capitalization:	270,021,500	Market Capitalization:	298,005,088	Market Capitalization:	255,017,590
Available Cash:	4,860,000	Available Cash:	4,860,000	Available Cash:	31,906,868	Available Cash:	31,906,868
Debt:	139,150,000	Debt:	139,150,000	Debt:	31,150,000	Debt:	31,150,000
Net Cash:	-134,290,000	Net Cash:	-134,290,000	Net Cash:	756,868	Net Cash:	756,868
Enterprise Value:	404,311,500	Enterprise Value:	404,311,500	Enterprise Value:	297,248,220	Enterprise Value:	254,260,722
Original EV/EBITDA:	6.94	EV/EBITDA:	6.94	EV/EBITDA at 5 Years:	4.97	EV/EBITDA at 5 Years:	3.00
Original EV/EBITDA:	4.81	EV/EBITDA:	5.93	EV/EBITDA at 5 Years:	5.97	EV/EBITDA at 5 Years:	3.61
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:	8.95	8.95	9.13	9.31	9.50	9.68	9.88
Shares Outstanding:	30,170,000	30,170,000	30,170,000	30,170,000	30,170,000	30,170,000	30,170,000
Market Capitalization:	270,021,500	270,021,500	275,399,668	280,884,956	286,479,497	292,185,468	298,005,088
Available Cash:	4,860,000	4,860,000	5,455,930	6,047,809	11,676,569	19,794,884	31,906,868
Debt:	139,150,000	139,150,000	111,150,000	91,150,000	71,150,000	51,150,000	31,150,000
Net Cash:	-134,290,000	-134,290,000	-105,694,070	-85,102,191	-59,473,431	-31,355,116	756,868
Enterprise Value:	404,311,500	404,311,500	381,093,738	365,987,147	345,952,928	323,540,583	297,248,220
EBIT	58,300,000	58,300,000	51,084,164	51,084,164	54,888,372	57,285,023	59,753,574
EV/EBIT:	6.94	6.94	7.46	7.16	6.30	5.65	4.97
EBITDA	68,140,000	68,140,000	60,637,787	60,637,787	65,090,072	67,578,944	70,431,110
EV/EBITDA:	5.93	5.93	6.28	6.04	5.31	4.79	4.22

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	8.95	8.95	8.24	8.92	10.65	12.13	13.76
Shares Outstanding:	30,170,000	30,170,000	30,170,000	30,170,000	30,170,000	30,170,000	30,170,000
Market Capitalization:	270,021,500	270,021,500	248,575,483	269,167,362	321,178,371	365,917,504	415,148,929
Available Cash:	4,860,000	4,860,000	5,455,930	6,047,809	11,676,569	19,794,884	31,906,868
Debt:	139,150,000	139,150,000	111,150,000	91,150,000	71,150,000	51,150,000	31,150,000
Net Cash:	-134,290,000	-134,290,000	-105,694,070	-85,102,191	-59,473,431	-31,355,116	756,868
Enterprise Value:	404,311,500	404,311,500	354,269,554	354,269,554	380,651,803	397,272,620	414,392,061
EBIT	58,300,000	58,300,000	51,084,164	51,084,164	54,888,372	57,285,023	59,753,574
EV/EBIT:	6.94	6.94	6.94	6.94	6.94	6.94	6.94
EBITDA	68,140,000	68,140,000	60,637,787	60,637,787	65,090,072	67,578,944	70,431,110
EV/EBITDA:	5.93	5.93	5.84	5.84	5.85	5.88	5.88

LBO Price	8.95	Equity Partners:	409,171,500	Weighting	100.00%	Annualized Return for Equity Partners:	-9.02%
Shares Outstanding	30,170,000	Debt Partners:	0		0.00%		
Market Capitalization	270,021,500	Total Funds for LBO:	409,171,500		100.00%		
Debt	139,150,000						
Cash	4,860,000						
Enterprise Value	404,311,500						
Capital Investment	409,171,500						

Book Value	Enterprise Value	Stock Valuation	Debt Reduction				
Beginning Book Value	278.86	Beginning Enterprise Value	404.31	Current Market Price	\$8.95	Starting Debt	131.57
Year 5 Book Value	446.20	Year 5 Enterprise Value	254.26	Year 5 Market Price	\$8.45	Debt Repayment	8.00
Annualized Return	9.86%	Annualized Return	-8.86%	Annualized Return	-1.14%	Year 5 Ending Debt	31.57
						% of Starting Debt	23.99%

	Historical				Forecasted				
	12 months ending 2007-12-31	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	2011	2012	2013	2014	2015
Revenue	151.99	189.95	262.92	311.31	292.63	292.63	307.26	316.48	325.98
COGS	51.74	68.05	95.89	121.50	117.05	117.05	122.91	126.59	130.39
Gross margin	100.25	121.90	167.03	189.81	175.58	175.58	184.36	189.89	195.59
SG&A	62.09	75.76	89.72	105.72	99.49	99.49	104.47	107.60	110.83
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.00	0.00	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	11.40	17.57	26.53	25.79	25.00	25.00	25.00	25.00	25.00
Operating Income (EBITA)	26.76	38.57	50.78	58.30	51.08	51.08	54.89	57.29	59.75
Interest income/(expense)	-69.24	-2.82	-1.46	-1.78	-8.84	-7.24	-5.64	-4.04	-2.44
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	-0.01	0.03	3.85	0.20	1.40	1.33	1.30	1.38	1.42
Income before tax	-42.49	25.78	53.17	56.72	40.84	42.51	47.95	51.86	55.89
Tax	7.86	9.21	18.57	21.48	12.25	12.75	14.38	15.56	16.77
Income after tax	-50.35	16.57	34.60	35.24	28.59	29.76	33.56	36.30	39.13
Minority Interest	-3.69	-2.27	-13.05	-2.67	-6.21	-5.93	-5.96	-6.28	-6.44
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	-54.03	14.30	21.55	32.57	22.37	23.83	27.60	30.02	32.69
*Figures are in millions (\$)									
Revenue Growth	N/A	24.98%	38.42%	18.40%	-6.00%	0.00%	5.00%	3.00%	3.00%
Tax Rate	-18.50%	34.93%	34.93%	37.87%	30.00%	30.00%	30.00%	30.00%	30.00%
Implied Debt Interest Rate	-113.42%	-1.81%	-0.91%	-1.28%	-6.72%	-6.49%	-6.16%	-5.65%	-4.74%
Margins									
COGS	34.04%	35.83%	36.47%	39.03%	40.00%	40.00%	40.00%	40.00%	40.00%
Gross margin	65.96%	64.17%	63.53%	60.97%	60.00%	60.00%	60.00%	60.00%	60.00%
SG&A	40.85%	39.88%	34.12%	33.96%	34.00%	34.00%	34.00%	34.00%	34.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.00%	0.00%	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	7.50%	9.25%	10.09%	8.28%	8.54%	8.54%	8.14%	7.90%	7.67%
Operating Income (EBITA)	17.61%	15.04%	19.31%	18.73%	17.46%	17.46%	17.86%	18.10%	18.33%
Interest income/(expense)	-45.56%	-1.48%	-0.56%	-0.57%	-3.02%	-2.48%	-1.84%	-1.28%	-0.75%
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	-0.01%	0.02%	1.46%	0.06%	0.48%	0.45%	0.42%	0.44%	0.43%
Income before tax	-27.96%	13.57%	20.22%	18.22%	13.96%	14.53%	15.60%	16.39%	17.15%
Tax	5.17%	4.85%	7.06%	6.90%	4.19%	4.36%	4.68%	4.92%	5.14%
Income after tax	-33.13%	8.72%	13.16%	11.32%	9.77%	10.17%	11.47%	12.40%	13.37%
Minority Interest	-2.43%	-1.20%	-4.96%	-0.86%	-2.12%	-2.03%	-1.94%	-1.98%	-1.97%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	-35.55%	7.53%	8.20%	10.46%	7.65%	8.14%	8.98%	9.49%	10.03%

					Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	As of 2007-12-31	As of 2008-12-31	As of 2009-12-31	As of 2010-12-31	+	-						
Cash	1.35	2.46	2.89	4.86			4.86	5.46	6.05	11.68	19.79	31.91
Short term investment	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	1.35	2.46	2.89	4.86			4.86	5.46	6.05	11.68	19.79	31.91
Accounts Receivable	20.69	38.78	57.20	59.80			59.80	59.80	59.80	59.80	59.80	59.80
Other receivables	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	20.69	38.78	57.20	59.80			59.80	59.80	59.80	59.80	59.80	59.80
Deferred Income Tax	-0.01	0.00	0.00	4.18			4.18	4.18	4.18	4.18	4.18	4.18
Total Inventory	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	2.65	4.88	2.95	4.19			4.19	4.19	4.19	4.19	4.19	4.19
Other Current Assets	0.26	7.16	13.09	7.14			7.14	7.14	7.14	7.14	7.14	7.14
Current Assets	24.94	53.28	76.13	80.17	0.00	0.00	80.17	80.77	81.36	86.99	95.10	107.22
PP&E, Gross	21.89	34.08	35.41	44.35			44.35	54.35	64.35	74.35	84.35	94.35
Change in Depreciation	3.87	5.78	9.44	9.84			9.84	9.55	9.55	10.20	10.29	10.68
Accumulated Depreciation	8.82	12.65	22.09	31.93			31.93	41.48	51.04	61.24	71.53	82.21
PP&E, Net	13.07	21.43	13.32	12.42			12.42	12.87	13.31	13.11	12.82	12.14
Goodwill	79.04	118.98	222.58	225.37	0.00		225.37	225.37	225.37	225.37	225.37	225.37
Intangibles	88.95	254.92	193.69	195.96			195.96	189.29	192.08	194.26	196.45	197.71
Long term investments	18.48	16.85	15.48	13.81			13.81	13.81	13.81	13.81	13.81	13.81
Other long term assets	1.89	5.17	4.95	3.14			3.14	3.14	3.14	3.14	3.14	3.14
Long Term Assets	210.25	430.00	450.02	450.70	0.00	0.00	450.70	444.48	447.71	449.69	451.59	452.17
Total Assets	226.37	470.63	528.29	535.79	0.00	0.00	530.87	525.24	529.07	536.67	546.70	559.38
Accounts Payable	6.07	9.12	16.03	15.59			15.59	15.59	15.59	15.59	15.59	15.59
Accrued Expense	7.60	32.01	35.68	29.22			29.22	29.22	29.22	29.22	29.22	29.22
Other current Liabilities	11.99	13.09	23.48	25.63			25.63	25.63	25.63	25.63	25.63	25.63
Total Current Liabilities	25.66	54.22	75.19	70.44	0.00	0.00	70.44	70.44	70.44	70.44	70.44	70.44
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	4.75	12.05	22.00	7.58			7.58	-0.42	-0.42	-0.42	-0.42	-0.42
Long term Debt	56.30	143.45	137.96	131.57	0.00	0.00	131.57	111.57	91.57	71.57	51.57	31.57
Capital Lease Obligations	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Interest Earning Debt	61.05	155.50	159.96	139.15	0.00	0.00	139.15	111.15	91.15	71.15	51.15	31.15
Deferred Income tax	4.39	17.87	8.16	7.79			7.79	7.79	7.79	7.79	7.79	7.79
Minority Interest	2.20	15.76	26.60	26.58			26.58	32.79	32.79	32.79	32.79	32.79
Other liabilities	3.89	5.14	9.51	12.97			12.97	12.97	12.97	12.97	12.97	12.97
Total Liabilities	97.19	248.49	279.42	256.93	0.00	0.00	256.93	235.14	215.14	195.14	175.14	155.14
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	0.03	0.03	0.03	0.03		0.00	0.03	0.03	0.03	0.03	0.03	0.03
Additional Paid-in capital	212.36	291.31	287.21	286.15	0.00	0.00	286.15	286.15	286.15	286.15	286.15	286.15
Dividends Paid	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	-83.21	-69.19	-38.38	-6.02		0.00	-6.02	22.57	52.33	85.89	122.19	161.32
Treasury Stock	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	0.00	0.00	0.00	-1.30		0.00	-1.30	-1.30	-1.30	-1.30	-1.30	-1.30
Total Equity	129.18	222.15	248.86	278.86	0.00	0.00	278.86	307.45	337.21	370.77	407.07	446.20
Liability + Equity	226.37	470.64	528.28	535.79	0.00	0.00	535.79	542.59	552.35	565.91	582.21	601.34
Variance	0.00	-0.01	0.01	0.00			-4.92	-17.35	-23.28	-29.24	-35.52	-41.96
Debt/Equity	0.47	0.70	0.64	0.50			0.50	0.36	0.27	0.19	0.13	0.07
Inventory Turnover	#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!
Days Inventory Outstanding	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable Turnover	7.35	4.90	4.60	5.21			5.21	4.89	4.89	5.14	5.29	5.45
Accounts Receivable Turnover Days	49.69	74.52	79.41	70.11			70.11	74.59	74.59	71.04	68.97	66.96
Days Payable Outstanding	42.82	48.92	61.02	46.83			46.83	48.61	48.61	46.30	44.95	43.64
Days Sales Outstanding	49.69	74.52	79.41	70.11			70.11	70.11	74.59	74.59	71.04	68.97
Cash Conversion Cycle	6.87	25.60	18.39	23.28			23.28	21.50	25.98	28.29	26.09	25.33

SN VALUATION

LBO Adjusted Proforma Cash Flow

	12 months ending 2007-12-31	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	2011	2012	2013	2014	2015
Net Income	-50.35	16.57	34.60	35.24	28.59	29.76	33.56	36.30	39.13
Depreciation	3.87	5.78	9.44	9.84	9.55	9.55	10.20	10.29	10.68
Net Income + Depreciation	-46.48	22.35	44.04	45.08	38.14	39.31	43.76	46.59	49.80
Amortization	7.53	11.79	17.09	15.95	16.67	17.21	17.82	17.80	18.75
Deferred Taxes	0.25	0.73	2.31	2.91	0.00	0.00	0.00	0.00	0.00
Non Cash Items	67.23	3.26	-2.64	4.56	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-1.27	-3.68	0.46	-4.08	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-18.09	-18.42	-2.60	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	-2.23	1.93	-1.24	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	3.05	6.91	-0.44	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	27.26	34.45	61.26	64.42	54.81	56.53	61.59	64.40	68.55
Capital Expenditures	-7.28	-6.60	-3.05	-9.16	-10.00	-10.00	-10.00	-10.00	-10.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	-32.85	-182.32	-53.21	-17.61	-10.00	-20.00	-20.00	-20.00	-20.00
Cash from Investing Activities	-40.13	-188.92	-56.26	-26.77	-20.00	-30.00	-30.00	-30.00	-30.00
Financing Cash flow items	-5.08	0.85	-0.50	-6.67	-6.21	-5.93	-5.96	-6.28	-6.44
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	40.50	60.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	-8.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	-22.00	94.25	-4.05	-29.02	-20.00	-20.00	-20.00	-20.00	-20.00
Cash from Financing Activities	13.42	155.58	-4.55	-35.69	-34.21	-25.93	-25.96	-26.28	-26.44
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	0.79	1.35	2.46	2.89	4.86	5.46	6.05	11.68	19.79
Net Change in Cash	0.56	1.11	0.44	1.97	0.60	0.59	5.63	8.12	12.11
Ending Cash Balance	1.35	2.46	2.90	4.86	5.46	6.05	11.68	19.79	31.91

Depreciation to Sales	2.55%	3.04%	3.59%	3.16%	3.26%	3.26%	3.32%	3.25%	3.28%
Amortization to Sales	4.95%	6.21%	6.50%	5.12%	5.70%	5.88%	5.80%	5.63%	5.75%
A/R to Sales	13.61%	20.42%	21.76%	19.21%	20.44%	20.44%	19.46%	18.90%	18.34%
Distributable FCF Yield	-3.18%	-38.21%	1.24%	9.31%	8.61%	6.56%	7.81%	8.51%	9.53%

SN VALUATION

LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	1.97	0.60	0.59	5.63	8.12	12.11
Current Portion Debt Repayment		8.00				
Long Term Debt Repayment		20.00	20.00	20.00	20.00	20.00
Outstanding Debt	139.15	111.15	91.15	71.15	51.15	31.15
Current Portion Debt Balance	7.58	-0.42	-0.42	-0.42	-0.42	-0.42
Long Term Debt Balance	131.57	111.57	91.57	71.57	51.57	31.57
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		8.89	7.29	5.69	4.09	2.49
Cash Balance		4.86				
Interest @ 1.0%		0.05	0.05	0.05	0.05	0.05
Net Interest Expense/(Income)		8.84	7.24	5.64	4.04	2.44
Net Interest Rate		6.72%	6.49%	6.16%	5.65%	4.74%
EBITDA		51.08	51.08	54.89	57.29	59.75
EBITDA/Interest Expense Coverage		5.74	7.01	9.64	14.00	23.98

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran