

January 6, 2012

SN VALUATION [Stocks, Real Estate, Bonds]

Analyst: Sung Nam

Dolby Laboratories Inc (DLB)

Market Price:	\$30.84	EBITDA/Share:	\$3.95	Net Asset/Share:	\$12.40
DCF: EV/EBITDA Terminal Value	-2.561%	DCF: Net Tangible Asset excluding Cash/Debt Terminal Value	-12.850%		
EBITDA-Cap Ex/Share	\$3.49	EVA Analysis:	3.437%		

Overview

Love Dolby, the cinema product company's numbers. No debt, \$550 MM in cash, generating high margins, strong cash flow and high return on assets.

The share price is too pricey for our fund, but a winner in our view.

Dividend?

Dividend yield is 0.0%.

Price to Book

Price to book is 2.0. Price to book excluding goodwill is 2.49.

Cashflow Generation

Cashflows are \$310MM from operating cashflow.

Capex is \$50 MM, minority interest payment is \$0 MM, intangibles are \$200 MM and dividend is \$0 MM.

Free cash flow is about \$60 MM.

45.0% EBITA margin and FCF yield is 2.8%.

The company has \$548 MM in cash/short term investment and \$0 MM in debt.

We are projecting a \$0 MM paydown annually.

Profitability

ROA is 16.4%, and ROC is 18.6%.

Bankruptcy Risk

Altman Z is above 3. Risk is low.

LBO?

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

Price

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.

Altman Z Score

Company Name:

Dolby Laboratories Inc

Ticker:

DLB

Period	2007	2008	2009	2010	2011	2012	2013	2014	2015
Working Capital	402.15	648.26	880.21	1,008.17	1,075.73	1,143.16	1,210.56	1,277.99	1,345.41
Total Assets	1,336.15	1,581.32	1,711.77	1,884.39	2,158.84	2,433.16	2,707.45	2,981.77	3,256.08
X1	0.30	0.41	0.51	0.54	0.50	0.47	0.45	0.43	0.41
Retained Earnings	609.50	852.48	1,135.92	1,445.19	1,720.40	1,995.49	2,270.61	2,545.73	2,820.84
Total Assets	1,336.15	1,581.32	1,711.77	1,884.39	2,158.84	2,433.16	2,707.45	2,981.77	3,256.08
X2	0.46	0.54	0.66	0.77	0.80	0.82	0.84	0.85	0.87
EBITDA	286.78	363.66	429.38	429.73	412.01	412.01	412.01	412.01	412.01
Total Assets	1,336.15	1,581.32	1,711.77	1,884.39	2,158.84	2,433.16	2,707.45	2,981.77	3,256.08
X3	0.21	0.23	0.25	0.23	0.19	0.17	0.15	0.14	0.13
Market Value of Equity	3,353.54	3,353.54	3,353.54	3,353.54	3,146.66	2,952.54	2,770.40	2,599.50	2,439.13
Total Liabilities	286.89	240.21	238.04	220.88	221.64	221.64	221.64	221.64	221.64
X4	11.69	13.96	14.09	15.18	14.20	13.32	12.50	11.73	11.01
Net Sales	640.23	719.50	922.71	955.50	936.39	936.39	936.39	936.39	936.39
Total Assets	1,336.15	1,581.32	1,711.77	1,884.39	2,158.84	2,433.16	2,707.45	2,981.77	3,256.08
X5	0.48	0.45	0.54	0.51	0.43	0.38	0.35	0.31	0.29
Altman Z Score	9.20	10.84	11.37	12.08	11.30	10.65	10.06	9.52	9.02

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

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

Dolby Laboratories, Inc. develops and delivers products and technologies that are used in the entertainment industry. Its audio technologies are used throughout the global entertainment industry. It is developing and marketing video technologies to improve the quality of video presentation. Its offerings include video products aimed at the cinema market, such as its digital cinema server, its Dolby three-dimensional (3D) Digital Cinema products, and its Dolby PRM-4200 Professional Reference Monitor. It offers products and services to content creators, such as studios, broadcasters, and downloadable content service providers to encode content using Dolby's technologies. As of September 24, 2010, the Company sold its products and provide services in over 85 countries. In addition, it has licensed its technologies to CE manufacturers and to software vendors in 40 countries, which in turn distribute their products incorporating its technologies throughout the world.

Company Name:		Dolby Laboratories Inc		Market Capitalization:		\$3,353,541,600.00		Revenue:		\$955,510,000.00		100.0%			
Ticker Symbol:	DLB	Total Debt:	\$0.00	Cost of Goods Sold:	\$111,180,000.00	Gross Profit:	\$844,330,000.00	EBITDA:	\$477,130,000.00	EBITDA:	\$477,130,000.00	EBITDA:	\$477,130,000.00		
Last Price:	\$30.84	Total Cash:	\$942,790,000.00	Net Cash/(Debt):	\$942,790,000.00	Enterprise Value:	\$2,410,751,600.00	Net Income:	\$309,270,000.00	Net Income:	\$309,270,000.00	Net Income:	\$309,270,000.00		
Net Cash/Share:	\$8.67	Enterprise Value:	\$2,410,751,600.00	Current EV/Share:	\$22.17	EBITDA:	\$429,730,000.00	Income Statement							
Net Cash to Last Price:	28.11%	EV/EBITDA Multiple:	5.61	EV/EBITDA Multiple Average Year 1-5:	5.85	EV/FCF Multiple:	7.85	Balance Sheet							
Shares Outstanding:	108,740,000	EV/FCF Multiple Year 1:	35.29	Upper Range				Cash:	\$0.00	Short Term Investment:	\$548,320,000.00	A/R:	\$61,810,000.00		
Industry:	Media - Diversified	DCF: EV/EBITDA Terminal Value		Implied TV from 5 X EV/EBITDA Multiple:	\$2,060,058,000.00	Enterprise Value:	\$2,060,058,000.00	A/R:	\$10,890,000.00	Deferred Tax:	\$670,000.00	Other Liabilities:	\$209,310,000.00		
Sector:	Consumer Cyclical					Cash at Year 5:	\$885,560,296.69	Debt at Year 5:	\$0.00	Long Term Debt:	\$0.00	Liabilities:	\$220,870,000.00		
Institutional Ownership:	78.02%					Equity Value Year 5:	\$2,945,618,296.69	Equity/Share at Year 5:	\$27.09	Retained Earnings:	\$1,445,190,000.00	Paid-In Capital:	\$210,680,000.00		
Mutual Fund Ownership:	1.11%					Annualized Return:	-2.56%	Lower Range				Treasury Stock:	\$0.00		
Insider Ownership:	54.57%					DCF: Net Tangible Asset excluding Cash/Debt Terminal Value				Stockholder's Equity:	\$1,663,510,000.00	Cash Flow			
Retail Ownership:	-88.27%					Year 5 Net Tangible Assets excluding cash and debt:	\$800,360,000.00	Enterprise Value:	\$800,360,000.00	Cash at Year 5:	\$885,560,296.69	Change in Working capital:	-10,360,000.00		
Float:	45.43%					Debt at Year 5:	\$0.00	Equity Value Year 5:	\$1,685,920,296.69	Equity/Share at Year 5:	\$15.50	Cash from Operating Activities:	403,690,000.00		
Technicals						Annualized Return:	-12.85%	EVA				Capital Expenditures:	-47,360,000.00		
52 week low:	\$25.70					EVA today:	\$1,788,610,947.87	EVA in 5 Years:	\$2,117,835,461.46	EVA/Share:	\$19.48	Cash from Investing Activities:	-236,700,000.00		
Today from 52 week low:	20.00%					Cash at Year 5:	\$885,560,296.69	Debt at Year 5:	\$0.00	Equity Value Year 5:	\$3,003,395,758.15	Total Cash Dividends Paid:	0.00		
52 week high:	\$68.48					Equity/Share at Year 5:	\$27.62	Annualized return:	3.44%	Profitability Margins					
Today from 52 week high:	122.05%													Debt to Equity:	0.00%
50 day Moving Average:	\$30.62													Return on Assets:	16.41%
200 day Moving Average:	\$37.84													Return on Capital:	18.59%
Analyst/Consensus														Return on Equity:	18.59%
Analyst Sales Growth FY1:	-1.00%													Current Net Tangible Asset	
Analyst Sales Growth FY2:	0.40%													Net Tangible Asset/Share:	\$12.40
SN Valuation Estimate FY1:	-2.00%													Net Tangible Asset/Share in Year 5:	\$15.81
SN Valuation Estimate FY2:	0.00%													Annualized return:	4.98%
Analyst Earnings Estimate FY1:	\$2.52													Dividend Model	
Analyst Earnings Estimate FY2:	\$2.45													Next Year Dividend:	\$0.00
SN Valuation Earnings Est. FY1:	\$2.51													WACC:	10.65%
SN Valuation Earnings Est. FY2:	\$2.51													Dividend:	\$0.00
Multiples														Net Income:	\$309,270,000.00
Market Value to Book:	2.02													Competitors	
EV to Book:	1.45													Average EV to EBITDA:	N/A
Market Value to Tangible Net Assets:	4.19													Company EV to EBITDA:	5.61
P/E Ratio:	10.84													Average EV to EBIT:	N/A
Trailing P/E Ratio:	11.21													Company EV to EBITA:	5.61
Forward P/E Ratio:	12.59														
Beta:	0.93														
Dividend:	0														
Dividend Yield:	0.00%														
Dividend Date:	N/A														
Ex-Dividend Date:	N/A														

SN VALUATION

LBO Analysis

WACC Terminal Value:		Intrinsic Price in 5 Years:	22.43	Non-LBO Forecast	Year 1 Target	28.94	Non-LBO Forecast	Desired Return Rate	20.00%
EV/EBITDA with 5X Multiple Terminal Value:	\$27.09	Market Price:	30.84		Year 2 Target	27.15		Implied Today's Price	9.01
Net Tangible Asset Terminal Value:	\$15.50	LBO Price:	30.84		Year 3 Target	25.48		Overvalued/(Undervalued)	242.12%
EV/EBITDA with Today's Multiple Terminal Value:	\$19.51	Premium to Market Price:	0.00%		Year 4 Target	23.91			
EVA Enterprise Value:	\$27.62	LBO Price/Intrinsic Price Target:	-6.17%		Year 5 Target	22.43			
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	-8.75%		Implied IRR (Market Price):	-6.17%			
Average (Excluding Dividend Discount):	\$22.43	Implied IRR at today's EV/EBITDA:	-8.75%						
		5 Year Return:	-27.27%						

Current Evaluation				Exit Evaluation			
Current Market Price:	30.84	LBO Price:	30.84	Exit Price:	22.43	Exit Price:	19.51
Outstanding Shares:	108,740,000	Outstanding Shares:	108,740,000	Outstanding Shares:	108,740,000	Outstanding Shares:	108,740,000
Market Capitalization:	3,353,541,600	Market Capitalization:	3,353,541,600	Market Capitalization:	2,439,132,362	Market Capitalization:	2,121,595,097
Available Cash:	942,790,000	Available Cash:	942,790,000	Available Cash:	885,560,297	Available Cash:	885,560,297
Debt:	0	Debt:	0	Debt:	0	Debt:	0
Net Cash:	942,790,000	Net Cash:	942,790,000	Net Cash:	885,560,297	Net Cash:	885,560,297
Enterprise Value:	2,410,751,600	Enterprise Value:	2,410,751,600	Enterprise Value:	1,553,572,065	Enterprise Value:	1,236,034,800
Original EV/EBITDA:	5.61	EV/EBITDA:	5.61	EV/EBITDA at 5 Years:	3.77	EV/EBITDA at 5 Years:	3.00
Original EV/EBITDA:	5.61	EV/EBITDA:	5.09	EV/EBITDA at 5 Years:	4.88	EV/EBITDA at 5 Years:	2.72
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:	30.84	27.21	25.53	23.96	22.48	21.09	19.79
Shares Outstanding:	108,740,000	108,740,000	108,740,000	108,740,000	108,740,000	108,740,000	108,740,000
Market Capitalization:	3,353,541,600	2,959,071,600	2,776,526,404	2,605,242,426	2,444,524,960	2,293,722,158	2,152,222,385
Available Cash:	548,320,000	548,320,000	615,879,035	683,308,708	750,712,661	818,139,837	885,560,297
Debt:	0	0	0	0	0	0	0
Net Cash:	548,320,000	548,320,000	615,879,035	683,308,708	750,712,661	818,139,837	885,560,297
Enterprise Value:	2,805,221,600	2,410,751,600	2,160,647,369	1,921,933,718	1,693,812,299	1,475,582,321	1,266,662,089
EBIT	429,730,000	429,730,000	412,011,600	412,011,600	412,011,600	412,011,600	412,011,600
EV/EBIT:	6.53	5.61	5.24	4.66	4.11	3.58	3.07
EBITDA	473,720,000	473,720,000	455,121,800	455,121,800	455,121,800	455,121,800	455,121,800
EV/EBITDA:	5.92	5.09	4.75	4.22	3.72	3.24	2.78

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	30.84	27.21	26.92	27.54	28.16	28.78	29.40
Shares Outstanding:	108,740,000	108,740,000	108,740,000	108,740,000	108,740,000	108,740,000	108,740,000
Market Capitalization:	3,353,541,600	2,959,071,600	2,927,231,800	2,994,661,474	3,062,065,426	3,129,492,603	3,196,913,062
Available Cash:	548,320,000	548,320,000	615,879,035	683,308,708	750,712,661	818,139,837	885,560,297
Debt:	0	0	0	0	0	0	0
Net Cash:	548,320,000	548,320,000	615,879,035	683,308,708	750,712,661	818,139,837	885,560,297
Enterprise Value:	2,805,221,600	2,410,751,600	2,311,352,766	2,311,352,766	2,311,352,766	2,311,352,766	2,311,352,766
EBIT	429,730,000	429,730,000	412,011,600	412,011,600	412,011,600	412,011,600	412,011,600
EV/EBIT:	6.53	5.61	5.61	5.61	5.61	5.61	5.61
EBITDA	473,720,000	473,720,000	455,121,800	455,121,800	455,121,800	455,121,800	455,121,800
EV/EBITDA:	5.92	5.09	5.08	5.08	5.08	5.08	5.08

LBO Price	30.84	Equity Partners:	3,353,541,600	Weighting	100.00%	Annualized Return for Equity Partners: -8.75%
Shares Outstanding	108,740,000	Debt Partners:	0		0.00%	
Market Capitalization	3,353,541,600	Total Funds for LBO:	3,353,541,600		100.00%	
Debt	0					
Cash	942,790,000					
Enterprise Value	2,410,751,600					
Capital Investment	3,353,541,600					

Book Value	Enterprise Value	Stock Valuation	Debt Reduction				
Beginning Book Value	1,662.81	Beginning Enterprise Value	2,410.75	Current Market Price	\$30.84	Starting Debt	0.00
Year 5 Book Value	3,038.46	Year 5 Enterprise Value	1,236.03	Year 5 Market Price	\$19.51	Debt Repayment	0.00
Annualized Return	12.81%	Annualized Return	-12.51%	Annualized Return	-8.75%	Year 5 Ending Debt	0.00
						% of Starting Debt	#DIV/0!

SN VALUATION

LBO Pro Forma Income Statement

Name:

Dolby Laboratories Inc

Ticker:

DLB

	Historical				Forecasted				
	52 weeks ending 2008-09-26	52 weeks ending 2009-09-25	52 weeks ending 2010-09-24	52 weeks ending 2011-09-30	2011	2012	2013	2014	2015
Revenue	640.23	719.50	922.71	955.50	936.39	936.39	936.39	936.39	936.39
COGS	67.78	64.77	131.81	111.17	112.37	112.37	112.37	112.37	112.37
Gross margin	572.45	654.73	790.90	844.33	824.02	824.02	824.02	824.02	824.02
SG&A	208.17	204.68	249.51	287.27	290.28	290.28	290.28	290.28	290.28
R&D	77.50	81.54	104.98	123.92	121.73	121.73	121.73	121.73	121.73
Unusual expense	0.00	4.85	7.03	3.41	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)	286.78	363.66	429.38	429.73	412.01	412.01	412.01	412.01	412.01
Interest income/(expense)	15.76	10.33	6.59	10.00	5.48	5.48	5.48	5.48	5.48
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	-0.74	-2.58	1.04	0.91	0.52	0.68	0.65	0.65	0.65
Income before tax	301.80	371.42	437.01	440.64	416.98	416.81	416.84	416.85	416.84
Tax	100.77	127.07	154.18	130.06	141.77	141.72	141.73	141.73	141.73
Income after tax	201.03	244.35	282.83	310.58	275.21	275.10	275.12	275.12	275.12
Minority Interest	-1.57	-1.35	0.62	-1.31	-0.76	-0.78	-0.82	-0.80	-0.81
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	199.46	242.99	283.45	309.27	274.45	274.32	274.29	274.32	274.31
*Figures are in millions (\$)									
Revenue Growth	N/A	12.38%	28.24%	3.55%	-2.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	33.39%	34.21%	35.28%	29.52%	34.00%	34.00%	34.00%	34.00%	34.00%
Implied Debt Interest Rate	168.20%	138.66%	0.00%	0.00%	NA	NA	NA	NA	NA
Margins									
COGS	10.59%	9.00%	14.29%	11.63%	12.00%	12.00%	12.00%	12.00%	12.00%
Gross margin	89.41%	91.00%	85.71%	88.37%	88.00%	88.00%	88.00%	88.00%	88.00%
SG&A	32.51%	28.45%	27.04%	30.06%	31.00%	31.00%	31.00%	31.00%	31.00%
R&D	12.11%	11.38%	11.38%	12.97%	13.00%	13.00%	13.00%	13.00%	13.00%
Unusual expense	0.00%	0.67%	0.76%	0.36%	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)	44.79%	50.54%	46.53%	44.97%	44.00%	44.00%	44.00%	44.00%	44.00%
Interest income/(expense)	2.46%	1.44%	0.71%	1.05%	0.59%	0.59%	0.59%	0.59%	0.59%
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	-0.12%	-0.36%	0.11%	0.10%	0.06%	0.07%	0.07%	0.07%	0.07%
Income before tax	47.14%	51.62%	47.36%	46.12%	44.53%	44.51%	44.52%	44.52%	44.52%
Tax	15.74%	17.66%	16.71%	13.61%	15.14%	15.13%	15.14%	15.14%	15.14%
Income after tax	31.40%	33.96%	30.65%	32.50%	29.39%	29.38%	29.38%	29.38%	29.38%
Minority Interest	-0.25%	-0.19%	0.07%	-0.14%	-0.08%	-0.08%	-0.09%	-0.09%	-0.09%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	31.15%	33.77%	30.72%	32.37%	29.31%	29.30%	29.29%	29.30%	29.29%

					Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	As of 2008-09-26	As of 2009-09-25	As of 2010-09-24	As of 2011-09-30	+	-						
Cash	394.76	0.00	0.00	0.00			0.00	67.56	134.99	202.39	269.82	337.24
Short term investment	119.67	602.71	691.69	548.32			548.32	548.32	548.32	548.32	548.32	548.32
Cash and Short term	514.43	602.71	691.69	548.32			548.32	683.31	683.31	750.71	818.14	885.56
Accounts Receivable	27.65	22.98	54.26	61.81			61.81	61.81	61.81	61.81	61.81	61.81
Other receivables	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	27.65	22.98	54.26	61.81			61.81	61.81	61.81	61.81	61.81	61.81
Deferred Income Tax	-90.63	39.72	145.49	411.28			411.28	411.28	411.28	411.28	411.28	411.28
Total Inventory	18.13	12.97	28.34	26.24			26.24	26.24	26.24	26.24	26.24	26.24
Prepaid Expenses	39.83	30.17	16.19	19.91			19.91	19.91	19.91	19.91	19.91	19.91
Other Current Assets	91.82	94.67	110.00	100.00			100.00	100.00	100.00	100.00	100.00	100.00
Current Assets	601.23	803.22	1,045.97	1,167.56	0.00	0.00	1,167.56	1,235.12	1,302.55	1,369.95	1,437.38	1,504.80
PP&E, Gross	178.55	189.81	143.47	187.08			187.08	237.08	287.08	337.08	387.08	437.08
Change in Depreciation	24.81	28.73	34.94	43.99			43.99	43.11	43.11	43.11	43.11	43.11
Accumulated Depreciation	0.00	0.00	34.94	78.93			78.93	122.04	165.15	208.26	251.37	294.48
PP&E, Net	178.55	189.81	108.53	108.15			108.15	115.04	121.93	128.82	135.71	142.60
Goodwill	250.36	261.12	264.58	263.26	0.00		263.26	263.26	263.26	263.26	263.26	263.26
Intangibles	83.06	82.03	67.02	51.57			51.57	251.57	451.57	651.57	851.57	1,051.57
Long term investments	181.00	205.94	190.84	272.80			272.80	272.80	272.80	272.80	272.80	272.80
Other long term assets	41.95	39.20	34.83	21.05			21.05	21.05	21.05	21.05	21.05	21.05
Long Term Assets	734.92	778.10	665.80	716.83	0.00	0.00	716.83	923.72	1,130.61	1,337.50	1,544.39	1,751.28
Total Assets	1,336.15	1,581.32	1,711.77	1,884.39	0.00	0.00	1,884.39	2,158.84	2,433.16	2,707.45	2,981.77	3,256.08
Accounts Payable	10.14	12.92	3.61	10.89			10.89	10.89	10.89	10.89	10.89	10.89
Accrued Expense	106.52	72.00	98.88	74.53			74.53	74.53	74.53	74.53	74.53	74.53
Other current Liabilities	82.42	70.04	63.27	73.97			73.97	73.97	73.97	73.97	73.97	73.97
Total Current Liabilities	199.08	154.96	165.76	159.39	0.00	0.00	159.39	159.39	159.39	159.39	159.39	159.39
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	1.59	1.62	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	7.78	5.83	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
Total Interest Earning Debt	9.37	7.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Income tax	16.75	13.57	11.55	0.67			0.67	0.67	0.67	0.67	0.67	0.67
Minority Interest	22.10	22.00	20.94	21.84			21.84	22.60	22.60	22.60	22.60	22.60
Other liabilities	39.59	42.23	39.79	38.98			38.98	38.98	38.98	38.98	38.98	38.98
Total Liabilities	286.89	240.21	238.04	220.88	0.00	0.00	220.88	221.64	221.64	221.64	221.64	221.64
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	0.11	0.11	0.11	0.11		0.00	0.11	0.11	0.11	0.11	0.11	0.11
Additional Paid-in capital	434.91	478.98	329.90	210.68	0.00	0.00	210.68	210.68	210.68	210.68	210.68	210.68
Dividends Paid	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	609.50	852.48	1,135.92	1,445.19		0.00	1,445.19	1,720.40	1,995.49	2,270.61	2,545.73	2,820.84
Treasury Stock	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	4.74	9.54	6.20	6.83		0.00	6.83	6.83	6.83	6.83	6.83	6.83
Total Equity	1,049.26	1,341.11	1,472.13	1,662.81	0.00	0.00	1,662.81	1,938.02	2,213.11	2,488.23	2,763.35	3,038.46
Liability + Equity	1,336.15	1,581.32	1,710.17	1,883.69	0.00	0.00	1,883.69	2,159.65	2,434.75	2,709.86	2,984.98	3,260.10
Variance	0.00	0.00	1.60	0.70			0.70	-0.81	-1.59	-2.41	-3.21	-4.02
Debt/Equity	0.01	0.01	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Inventory Turnover	35.31	55.47	32.56	36.41			36.41	35.69	35.69	35.69	35.69	35.69
Inventory Turnover Days	10.34	6.58	11.21	10.02			10.02	10.23	10.23	10.23	10.23	10.23
Days Inventory Outstanding	97.63	73.09	78.48	86.15			86.15	85.24	85.24	85.24	85.24	85.24
Accounts Receivable Turnover	23.15	31.31	17.01	15.46			15.46	15.15	15.15	15.15	15.15	15.15
Accounts Receivable Turnover Days	15.76	11.66	21.46	23.61			23.61	24.09	24.09	24.09	24.09	24.09
Days Payable Outstanding	54.60	72.81	10.00	35.75			35.75	35.37	35.37	35.37	35.37	35.37
Days Sales Outstanding	15.76	11.66	21.46	23.61			23.61	23.61	24.09	24.09	24.09	24.09
Cash Conversion Cycle	58.79	11.94	89.94	74.01			74.01	73.47	73.95	73.95	73.95	73.95

SN VALUATION

LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	5.65	67.56	67.43	67.40	67.43	67.42
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		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		0.00	0.00	0.00	0.00	0.00
Cash Balance		548.32				
Interest @ 1.0%		5.48	5.48	5.48	5.48	5.48
Net Interest Expense/(Income)		(5.48)	(5.48)	(5.48)	(5.48)	(5.48)
Net Interest Rate		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
EBITDA		412.01	412.01	412.01	412.01	412.01
EBITDA/Interest Expense Coverage		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Interest Rate Coverage Table

Debt Rating	2011	2012	2013	2014	2015
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