

Dover Motorsports Inc (DVD)

| | | | | | |
|---------------------|---------------|---|-----------------|-----------------------------------|-----------------|
| Price: | \$2.08 | Net Tang. Bk Value Incl. Cash (NTBVIC): | \$47,970,000.00 | Net Tang. Book Yr. 5 (Inc. Cash): | \$56,542,405.69 |
| Market Cap: | \$75,712,000 | NTBVIC/Market Downside Recovery: | 63.36% | Avg. Year FCF/Share: | \$4,059,864.51 |
| Cash: | \$10,000 | Op. Cash Flow: | \$5,408,190 | Year 5 Disposition FCF Multiple: | 3.0 |
| Debt: | \$20,000,000 | Implied Years to Fill Gap: | 5.13 | Year 5 Disposition Price: | \$68,721,999.22 |
| Net Cash: | -\$19,990,000 | Today's Equity if 5x Op. CF: | \$64,194,570 | | |
| Enterprise Value: | \$95,702,000 | Net Tang. Book+5 FCF+ Gain Disposition: | | | \$68,721,999.22 |
| | | IRR: | | | -1.92% |
| Shares Outstanding: | 36,400,000 | | | Price: | \$1.89 |
| | | | | Target Market Cap: | \$68,721,999 |
| | | | | Target Enterprise Value: | \$88,711,999 |

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

DVD is a unique investment that exposes one to NASCAR racing and real estate investment.

Historically, DVD was one of 2 entities which were collectively operated under the same parent co. The 2 entities were split off into separate entities and DVD is entirely composed of revenue generated from the Dover facility, with minor contribution from the Nashville track. Admission, broadcasting, and event related revenue is primarily derived from the 6 NASCAR races held at the Dover site.

The value is primarily derived from the real estate holdings - the land (770 acres in Dover, Delaware) and racing track, which is recorded as net PP&E at \$100 MM. The outstanding debt plus liabilities is \$50MM, so the net tangible book value is \$47 MM, or a 63% recovery support based on the current market price at \$75 MM. The book value of the land may be stated at a discount to the market value of the property, but it is hard to say how many likely buyers the Co. would find should they put the race track up for sale. There may be a couple interested buyers in the industry who want the Sprint cup broadcasting rights locked in by the facility, but this is purely speculation on our part.

I found a site, Classicvalueinvestors.com, which wrote a piece on the co. back in 2009 and it provides a point of reference on the pricing for the racetrack facility. Aside from the 135,000 seating, patented cement raceway, it proudly holds 2 Sprint cup races, which are key races that will generate steady revenue through ticket admissions and broadcasting right sale.

"But using just one comparable sale to value Dover International Speedway might not be a good idea. Let me use another comparable sale. In 2007, International Speedway Corporation paid \$215 million for Chicagoland Speedway in Joliet, IL. This facility had 75,000 seats and only one Sprint Cup race. Dover International Speedway has 135,000 seats and two Sprint Cup races. This sale comparable indicates that my low end estimate, \$200 million, of Dover International Speedway is probably too conservative."

If the site can be sold for \$200 MM, then we have a \$150MM tangible book value, or a \$4.16/share value, which is a 15% annualized return over a 5 year period.

If we base our valuation off the book value, the remainder must be made up by the annual cash flows from the operations and we don't believe the operations will be able to generate the cash flow to plug the gap and create excess value over a 5 year time period. In fact, there is a high risk the operations will burn cash in the process as it almost did in 2010.

At the current price, we feel it provides sufficient downside protection while providing a possible 15% upside, but we don't see a catalyst in the near future. The stock has nearly doubled over the past year so there is a bullish momentum, but is trending sideways so please anticipate some speed bumps in the near future. We say, tread with caution because this stock doesn't have a definite trajectory.

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Dover Motorsports, Inc. is a marketer and promoter of motorsports entertainment in the United States. The Company, through its subsidiaries, owned and operated Dover International Speedway in Dover, Delaware and Nashville Superspeedway near Nashville, Tennessee. During the year ended 2011, the Company's facilities promoted 10 events under the auspices of the sanctioning body, the National Association for Stock Car Auto Racing (NASCAR). During 2011, the Company promoted 2 NASCAR Sprint Cup Series events, 4 NASCAR Nationwide Series events, 3 NASCAR Camping World Truck Series events, and 1 NASCAR K&N Pro Series East event.. On January 31, 2011, the Company sold its Memphis Motorsports Park facility.

| | | | | | | | | | |
|--------------------------------------|-------------------|---|------------------|---|-----------------------|--------|--|-------------------------|--|
| Company Name: | | Dover Motorsports Inc | | | | | | Income Statement | |
| Ticker Symbol: | DVD | Market Capitalization: | \$75,712,000.00 | Revenue: | \$46,740,000.00 | 100.0% | | | |
| Last Price: | \$2.08 | Total Debt: | \$20,000,000.00 | Cost of Goods Sold: | -\$10,000.00 | 0.0% | | | |
| Net Cash/Share: | -\$0.55 | Total Cash: | \$10,000.00 | Gross Profit: | \$46,750,000.00 | 100.0% | | | |
| Net Cash to Last Price: | -26.40% | Net Cash/(Debt): | -\$19,990,000.00 | EBITDA: | \$12,590,000.00 | 26.9% | | | |
| Shares Outstanding: | 36,400,000 | Enterprise Value: | \$95,702,000.00 | Net Income: | \$4,850,000.00 | 10.4% | | | |
| Industry: | Leisure | Current EV/Share: | \$2.63 | | | | | | |
| Sector: | Consumer Cyclical | EBITDA: | \$15,810,000.00 | Balance Sheet | | | | | |
| | | EV/EBITDA Multiple: | 6.05 | Cash: | \$10,000.00 | | | | |
| | | EV/EBITDA Multiple Average Year 1-5: | 13.90 | Short Term Investment: | \$0.00 | | | | |
| | | EV/FCF Multiple (excluding acquisition): | 9.14 | A/R: | \$0.00 | | | | |
| | | EV/FCF Multiple Average Year 1-5 (excluding acquisition): | 23.57 | PP&E: | \$93,000,000.00 | | | | |
| | | | | Assets: | \$95,660,000.00 | | | | |
| | | | | A/P: | \$140,000.00 | | | | |
| | | | | Deferred Tax: | \$17,100,000.00 | | | | |
| | | | | Other Liabilities: | \$10,450,000.00 | | | | |
| | | | | Short term Debt: | \$0.00 | | | | |
| | | | | Long Term Debt: | \$20,000,000.00 | | | | |
| | | | | Liabilities: | \$47,690,000.00 | | | | |
| | | | | Retained Earnings: | -\$55,000,000.00 | | | | |
| | | | | Paid-In Capital: | \$105,690,000.00 | | | | |
| | | | | Treasury Stock: | \$0.00 | | | | |
| | | | | Stockholder's Equity: | \$48,190,000.00 | | | | |
| | | | | Cash Flow | | | | | |
| | | | | Net Income: | 4,570,000.00 | | | | |
| | | | | Depreciation/Amortization: | 3,310,000.00 | | | | |
| | | | | Change in Working capital: | 300,000.00 | | | | |
| | | | | Cash from Operating Activities: | 10,950,000.00 | | | | |
| | | | | Capital Expenditures: | -470,000.00 | | | | |
| | | | | Cash from Investing Activities: | 20,000.00 | | | | |
| | | | | Total Cash Dividends Paid: | -1,480,000.00 | | | | |
| | | | | Issuance (Retirement) of Stock: | -30,000.00 | | | | |
| | | | | Issuance (Retirement) of Debt: | -9,460,000.00 | | | | |
| | | | | Cash from Financing Activities: | -10,960,000.00 | | | | |
| | | | | Profitability Margins | | | | | |
| | | | | Debt to Equity: | 41.50% | | | | |
| | | | | Return on Assets: | 4.78% | | | | |
| | | | | Return on Capital: | 6.70% | | | | |
| | | | | Return on Equity: | 9.48% | | | | |
| | | | | Upper Range | | | | | |
| | | | | DCF: EV/EBITDA Terminal Value | | | | | |
| | | | | Implied TV from 3 X EV/EBITDA Multiple | \$21,704,555.30 | | | | |
| | | | | Enterprise Value | \$21,704,555.30 | | | | |
| | | | | Cash at Year 5: | \$20,309,322.54 | | | | |
| | | | | Debt at Year 5: | \$20,000,000.00 | | | | |
| | | | | Equity Value Year 5: | \$22,013,877.83 | | | | |
| | | | | Equity/Share at Year 5: | \$0.60 | | | | |
| | | | | Annualized Return: | -21.89% | | | | |
| | | | | Lower Range | | | | | |
| | | | | DCF: Net Tangible Asset excluding Cash/Debt Terminal Value | | | | | |
| | | | | Year 5 Net Tangible Assets excluding cash and debt | -\$25,120,000.00 | | | | |
| | | | | Enterprise Value | -\$25,120,000.00 | | | | |
| | | | | Cash at Year 5: | \$20,309,322.54 | | | | |
| | | | | Debt at Year 5: | \$20,000,000.00 | | | | |
| | | | | Equity Value Year 5: | -\$24,810,677.46 | | | | |
| | | | | Equity/Share at Year 5: | -\$0.68 | | | | |
| | | | | Annualized Return: | -180.00% | | | | |
| | | | | EVA | | | | | |
| | | | | EVA today: | \$48,733,967.67 | | | | |
| | | | | EVA in 5 Years: | \$62,851,530.56 | | | | |
| | | | | EVA/Share: | \$1.73 | | | | |
| | | | | Cash at Year 5: | \$20,309,322.54 | | | | |
| | | | | Debt at Year 5: | \$20,000,000.00 | | | | |
| | | | | Equity Value Year 5: | \$63,160,853.09 | | | | |
| | | | | Equity/Share at Year 5: | \$1.74 | | | | |
| | | | | Annualized return | 5.22% | | | | |
| | | | | Current Net Tangible Asset | | | | | |
| | | | | Net Tangible Asset/Share: | \$1.32 | | | | |
| | | | | Net Tangible Asset/Share in Year 5: | \$1.55 | | | | |
| | | | | Annualized return | 3.34% | | | | |
| | | | | Current Equity Price: | \$2.08 | | | | |
| | | | | Selling at Discount? | Premium | | | | |
| | | | | Appreciation Potential: | -36.64% | | | | |
| | | | | Dividend Model | | | | | |
| | | | | Next Year Dividend | \$1,552,625.28 | | | | |
| | | | | WACC: | 9.60% | | | | |
| | | | | Dividend: | \$1,456,000.00 | | | | |
| | | | | Net Income: | \$4,850,000.00 | | | | |
| | | | | Technicals | | | | | |
| 52 week low: | \$1.17 | | | | | | | | |
| Today from 52 week low: | 77.78% | | | | | | | | |
| 52 week high: | \$2.18 | | | | | | | | |
| Today from 52 week high: | 4.81% | | | | | | | | |
| 50 day Moving Average: | \$1.97 | | | | | | | | |
| 200 day Moving Average: | \$1.66 | | | | | | | | |
| | | | | Analyst/Consensus | | | | | |
| Analyst Sales Growth FY1: | N/A | | | | | | | | |
| Analyst Sales Growth FY2: | 2.10% | | | | | | | | |
| SN Valuation Estimate FY1: | -5.00% | | | | | | | | |
| SN Valuation Estimate FY2: | -5.00% | | | | | | | | |
| | | | | Multiples | | | | | |
| Market Value to Book: | 1.57 | | | | | | | | |
| EV to Book: | 1.99 | | | | | | | | |
| Market Value to Tangible Net Assets: | -1.69 | | | | | | | | |
| P/E Ratio: | 15.61 | | | | | | | | |
| Trailing P/E Ratio: | 16.00 | | | | | | | | |
| Forward P/E Ratio: | 13.00 | | | | | | | | |
| Beta: | 1.16 | | | | | | | | |
| Dividend: | 0.04 | | | | | | | | |
| Dividend Yield: | 1.92% | | | | | | | | |
| Dividend Date: | Dec 9, 2012 | | | | | | | | |
| Ex-Dividend Date: | May 6, 2009 | | | | | | | | |
| | | | | Competitors | | | | | |
| Average EV to EBITDA: | N/A | | | | | | | | |
| Company EV to EBITDA: | 6.05 | | | | | | | | |
| | | | | Competitors | | | | | |
| Average EV to EBITA: | N/A | | | | | | | | |
| Company EV to EBITA: | 10.41 | | | | | | | | |

SN VALUATION

LBO Pro Forma Income Statement

Name:

Dover Motorsports Inc

Ticker:

DVD

| | 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 | 63.27 | 54.84 | 51.87 | 46.75 | 44.41 | 42.19 | 40.08 | 38.08 | 36.17 |
| COGS | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Gross margin | 63.27 | 54.84 | 51.87 | 46.75 | 44.41 | 42.19 | 40.08 | 38.08 | 36.17 |
| SG&A | 10.31 | 9.79 | 8.33 | 7.56 | 7.99 | 7.59 | 7.21 | 6.85 | 6.51 |
| R&D | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Unusual expense | 7.48 | 0.81 | 15.75 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other operating expense | 42.42 | 34.29 | 31.93 | 26.69 | 27.54 | 26.16 | 24.85 | 23.61 | 22.43 |
| Depreciation is: Excluded from COGS | | | | | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Operating Income (EBITA) | 3.06 | 9.95 | -4.14 | 12.50 | 4.88 | 4.44 | 4.02 | 3.62 | 3.23 |
| Interest income/(expense) | -1.92 | -2.36 | -2.25 | -1.40 | -1.40 | -1.40 | -1.40 | -1.40 | -1.40 |
| 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 | 0.00 | 0.40 | -2.23 | 0.27 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Income before tax | -4.73 | 2.18 | -13.21 | 8.06 | 3.48 | 3.04 | 2.62 | 2.22 | 1.83 |
| Tax | -0.90 | 1.47 | -4.10 | 3.49 | 1.22 | 1.06 | 0.92 | 0.78 | 0.64 |
| Income after tax | -3.83 | 0.71 | -9.11 | 4.57 | 2.26 | 1.98 | 1.70 | 1.44 | 1.19 |
| 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 | -3.83 | 0.71 | -9.11 | 4.57 | 2.26 | 1.98 | 1.70 | 1.44 | 1.19 |
| *Figures are in millions (\$) | | | | | | | | | |
| EPS (based off today's share count) | -\$0.11 | \$0.02 | -\$0.25 | \$0.13 | \$0.06 | \$0.05 | \$0.05 | \$0.04 | \$0.03 |
| P/E (historical today's price; forecasted intrinsic price) | -19.77 | 106.64 | -8.31 | 16.57 | 32.80 | 36.88 | 42.00 | 48.65 | 57.62 |
| Revenue Growth | N/A | -13.32% | -5.42% | -9.87% | -5.00% | -5.00% | -5.00% | -5.00% | -5.00% |
| Tax Rate | 19.03% | 67.43% | 31.04% | 43.30% | 35.00% | 35.00% | 35.00% | 35.00% | 35.00% |
| Implied Debt Interest Rate | -4.37% | -6.18% | -7.72% | -7.11% | -7.00% | -7.00% | -7.00% | -7.00% | -7.00% |
| Margins | | | | | | | | | |
| COGS | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Gross margin | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| SG&A | 16.30% | 17.85% | 16.06% | 16.17% | 18.00% | 18.00% | 18.00% | 18.00% | 18.00% |
| R&D | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Unusual expense | 11.82% | 1.48% | 30.36% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Other operating expense | 67.05% | 62.53% | 61.56% | 57.09% | 62.00% | 62.00% | 62.00% | 62.00% | 62.00% |
| Depreciation is: Excluded from COGS | 0.00% | 0.00% | 0.00% | 0.00% | 9.01% | 9.48% | 9.98% | 10.50% | 11.06% |
| Operating Income (EBITA) | 4.84% | 18.14% | -7.98% | 26.74% | 10.99% | 10.52% | 10.02% | 9.50% | 8.94% |
| Interest income/(expense) | -3.03% | -4.30% | -4.34% | -2.99% | -3.15% | -3.32% | -3.49% | -3.68% | -3.87% |
| 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 | 0.00% | 0.73% | -4.30% | 0.58% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Income before tax | -7.48% | 3.98% | -25.47% | 17.24% | 7.84% | 7.20% | 6.53% | 5.82% | 5.07% |
| Tax | -1.42% | 2.68% | -7.90% | 7.47% | 2.74% | 2.52% | 2.28% | 2.04% | 1.78% |
| Income after tax | -6.05% | 1.29% | -17.56% | 9.78% | 5.10% | 4.45% | 3.83% | 3.24% | 2.69% |
| 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 | -6.05% | 1.29% | -17.56% | 9.78% | 5.10% | 4.68% | 4.24% | 3.78% | 3.30% |

| | As of | | | | | Adjustment | | Adjusted Proforma | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---------------|---------------|--------------|--------------|--------------|-------------|-------------|-------------------|--------------|---------------|---------------|---------------|---------------|
| | 2009-12-31 | 2010-12-31 | 2011-12-31 | 2012-12-31 | 2012-12-31 | + | - | | | | | | |
| Cash | 0.15 | 0.07 | 0.01 | 0.01 | 0.01 | | | 0.01 | 4.92 | 9.38 | 13.42 | 17.06 | 20.31 |
| 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 | 0.15 | 0.07 | 0.01 | 0.01 | 0.01 | | | 0.01 | 4.92 | 9.38 | 13.42 | 17.06 | 20.31 |
| Accounts Receivable | 1.26 | 0.74 | 0.70 | 0.22 | 0.00 | | | 0.00 | 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 | 0.00 | 0.00 |
| Total Receivables | 1.26 | 0.74 | 0.70 | 0.22 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Inventory | 0.28 | 0.23 | 0.12 | 0.12 | 0.12 | | | 0.12 | 0.12 | 0.12 | 0.12 | 0.12 | 0.12 |
| Prepaid Expenses | 1.53 | 1.71 | 1.25 | 1.22 | 1.22 | | | 1.22 | 1.22 | 1.22 | 1.22 | 1.22 | 1.22 |
| Other Current Assets | 2.92 | 2.23 | 0.07 | 0.08 | 0.08 | | | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 |
| Current Assets | 6.14 | 4.98 | 2.15 | 1.65 | 1.43 | 0.00 | 0.00 | 1.43 | 6.34 | 10.80 | 14.84 | 18.48 | 21.73 |
| PP&E, Gross | 168.31 | 159.66 | 138.26 | 0.00 | 138.00 | | | 138.00 | 138.50 | 139.00 | 139.50 | 140.00 | 140.50 |
| Change in Depreciation | | 6.19 | 4.59 | 3.31 | 3.31 | | | 3.31 | 3.14 | 2.99 | 2.84 | 2.70 | 2.56 |
| Accumulated Depreciation | 38.13 | 43.33 | 44.55 | 0.00 | 45.00 | | | 45.00 | 48.14 | 51.13 | 53.97 | 56.67 | 59.23 |
| PP&E, Net | 130.18 | 116.33 | 93.71 | 0.00 | 93.00 | | | 93.00 | 90.36 | 87.87 | 85.53 | 83.33 | 81.27 |
| Goodwill | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Intangibles | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Long term investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other long term assets | 6.21 | 0.97 | 1.28 | 1.23 | 1.23 | | | 1.23 | 1.23 | 1.23 | 1.23 | 1.23 | 1.23 |
| Long Term Assets | 136.39 | 117.30 | 94.99 | 1.23 | 94.23 | | | 94.23 | 91.59 | 89.10 | 86.76 | 84.56 | 82.50 |
| Total Assets | 142.53 | 122.28 | 97.14 | 2.88 | 95.66 | 0.00 | 0.00 | 95.66 | 97.92 | 99.90 | 101.60 | 103.04 | 104.23 |
| Accounts Payable | 0.46 | 0.16 | 0.12 | 0.14 | 0.14 | | | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 |
| Accrued Expense | 2.99 | 2.47 | 2.58 | 2.90 | 2.90 | | | 2.90 | 2.90 | 2.90 | 2.90 | 2.90 | 2.90 |
| Other current Liabilities | 6.13 | 4.45 | 3.27 | 2.85 | 2.85 | | | 2.85 | 2.85 | 2.85 | 2.85 | 2.85 | 2.85 |
| Total Current Liabilities | 9.58 | 7.08 | 5.97 | 5.89 | 5.89 | 0.00 | 0.00 | 5.89 | 5.89 | 5.89 | 5.89 | 5.89 | 5.89 |
| 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 | 1.24 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Long term Debt | 42.74 | 38.20 | 29.16 | 19.70 | 20.00 | 0.00 | 0.00 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 |
| 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 | 43.98 | 38.20 | 29.16 | 19.70 | 20.00 | 0.00 | 0.00 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 |
| Deferred Income tax | 20.85 | 18.84 | 14.77 | 17.10 | 17.10 | | | 17.10 | 17.10 | 17.10 | 17.10 | 17.10 | 17.10 |
| Minority Interest | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other liabilities | 5.84 | 3.65 | 4.96 | 5.00 | 4.70 | | | 4.70 | 4.70 | 4.70 | 4.70 | 4.70 | 4.70 |
| Total Liabilities | 80.25 | 67.77 | 54.86 | 47.69 | 47.69 | 0.00 | 0.00 | 47.69 | 47.69 | 47.69 | 47.69 | 47.69 | 47.69 |
| 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 | 3.66 | 3.67 | 3.68 | 3.69 | 3.69 | | | 3.69 | 3.69 | 3.69 | 3.69 | 3.69 | 3.69 |
| Additional Paid-in capital | 100.94 | 101.54 | 101.89 | 102.17 | 102.00 | 0.00 | 0.00 | 102.00 | 102.00 | 102.00 | 102.00 | 102.00 | 102.00 |
| 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 | -40.99 | -49.17 | -58.35 | -55.26 | -55.00 | | 0.00 | -55.00 | -52.74 | -50.76 | -49.06 | -47.62 | -46.43 |
| Treasury Stock | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Equity | -1.32 | -1.54 | -2.27 | -2.50 | -2.50 | | | -2.50 | -2.50 | -2.50 | -2.50 | -2.50 | -2.50 |
| Total Equity | 62.29 | 54.50 | 44.95 | 48.10 | 48.19 | 0.00 | 0.00 | 48.19 | 50.45 | 52.43 | 54.13 | 55.57 | 56.76 |
| Liability + Equity | 142.54 | 122.27 | 99.81 | 95.79 | 95.88 | 0.00 | 0.00 | 95.88 | 98.14 | 100.12 | 101.82 | 103.26 | 104.45 |
| Variance | -0.01 | 0.01 | -2.67 | -92.91 | -0.22 | | | -0.22 | -0.22 | -0.22 | -0.22 | -0.22 | -0.22 |
| Debt/Equity | 0.71 | 0.70 | 0.65 | 0.41 | 0.42 | | | 0.42 | 0.40 | 0.38 | 0.37 | 0.36 | 0.35 |
| Inventory Turnover | 225.96 | 238.43 | 432.25 | 389.58 | 370.10 | | | 389.58 | 370.10 | 351.60 | 334.02 | 317.32 | 301.45 |
| Inventory Turnover Days | 1.62 | 1.53 | 0.84 | 0.94 | 0.99 | | | 0.94 | 0.99 | 1.04 | 1.09 | 1.15 | 1.21 |
| Days Inventory Outstanding | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | | | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Accounts Receivable Turnover | 50.21 | 74.11 | 74.10 | 212.50 | #DIV/0! | | | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Accounts Receivable Turnover Days | 7.27 | 4.93 | 4.93 | 1.72 | #DIV/0! | | | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Days Payable Outstanding | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | | | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Days Sales Outstanding | 7.27 | 4.93 | 4.93 | 1.72 | 0.00 | | | 1.72 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash Conversion Cycle | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | | | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Net tangible assets/share | \$1.71 | \$1.50 | \$1.16 | (\$1.23) | \$1.32 | | | \$1.38 | \$1.43 | \$1.48 | \$1.52 | \$1.55 | \$1.55 |

| | 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 | -5.89 | -8.17 | -9.19 | 4.57 | 2.26 | 1.98 | 1.70 | 1.44 | 1.19 |
| Depreciation | 6.47 | 6.19 | 4.59 | 3.31 | 3.14 | 2.99 | 2.84 | 2.70 | 2.56 |
| Net Income + Depreciation | 0.58 | -1.98 | -4.60 | 7.88 | 5.41 | 4.96 | 4.54 | 4.14 | 3.75 |
| Amortization | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Deferred Taxes | -2.93 | -4.13 | -4.93 | 2.49 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Non Cash Items | 8.20 | 10.07 | 18.79 | 0.27 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Change in Working capital | -0.59 | -2.99 | -1.40 | 0.30 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Accounts Receivable | 0.00 | 0.52 | 0.04 | 0.48 | 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 | 0.05 | 0.11 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Prepaid Expenses | 0.00 | -0.18 | 0.46 | 0.03 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Accounts Payable | 0.00 | -0.30 | -0.04 | 0.02 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash from Operating Activities | 5.26 | 0.97 | 7.86 | 10.94 | 5.41 | 4.96 | 4.54 | 4.14 | 3.75 |
| Capital Expenditures Expenditures | -1.91 | -0.49 | -0.26 | -0.47 | -0.50 | -0.50 | -0.50 | -0.50 | -0.50 |
| Long term investment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Investing Activities | -0.11 | 5.85 | 1.87 | 0.48 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash from Investing Activities | -2.02 | 5.36 | 1.61 | 0.01 | -0.50 | -0.50 | -0.50 | -0.50 | -0.50 |
| Financing Cash flow items | -0.28 | -0.58 | -0.43 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Cash Dividends Paid | -0.73 | 0.00 | 0.00 | -1.48 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Issuance (Retirement) of Stock | -0.02 | -0.05 | -0.05 | -0.03 | 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 | -2.33 | -5.79 | -9.04 | -9.46 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash from Financing Activities | -3.36 | -6.42 | -9.52 | -10.97 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Foreign Exchange effect | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Beginning Cash Balance | 0.28 | 0.15 | 0.07 | 0.01 | 0.01 | 4.92 | 9.38 | 13.42 | 17.06 |
| Net Change in Cash | -0.13 | -0.09 | -0.05 | 0.00 | 4.91 | 4.46 | 4.04 | 3.64 | 3.25 |
| Ending Cash Balance | 0.15 | 0.07 | 0.02 | 0.01 | 4.92 | 9.38 | 13.42 | 17.06 | 20.31 |
| Capex to Revenue | 3.02% | 0.89% | 0.50% | 1.01% | 1.13% | 1.19% | 1.25% | 1.31% | 1.38% |
| Depreciation to Sales | 10.23% | 11.29% | 8.85% | 7.08% | 7.08% | 7.08% | 7.08% | 7.08% | 7.08% |
| 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 | 1.99% | 1.35% | 1.35% | 0.47% | 0.50% | 0.52% | 0.55% | 0.58% | 0.61% |
| Distributable FCF/EV Yield | 3.39% | 6.61% | 9.90% | 11.44% | 5.13% | 4.66% | 4.22% | 3.80% | 3.40% |
| Dividend Yield | -0.96% | 0.00% | 0.00% | -1.95% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| FCF (Ops-Investing-Dividends) | 4.08 | 0.48 | 7.60 | 11.95 | 4.91 | 4.46 | 4.04 | 3.64 | 3.25 |

SN VALUATION

LBO Debt Schedule

Ticker:

DVD

| | Proforma | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Change in Cash | 0.00 | 4.91 | 4.46 | 4.04 | 3.64 | 3.25 |
| Current Portion Debt Repayment | | | | | | |
| Long Term Debt Repayment | | | | | | |
| Outstanding Debt | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 |
| Current Portion Debt Balance | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Long Term Debt Balance | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 |
| 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 | | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 |
| Cash Balance | | 0.01 | | | | |
| Interest @ 1.0% | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Interest Expense/(Income) | | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 |
| Net Interest Rate | | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% |
| EBITDA | | 4.88 | 4.44 | 4.02 | 3.62 | 3.23 |
| EBITDA/Interest Expense Coverage | | 3.49 | 3.17 | 2.87 | 2.58 | 2.31 |

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Dover Motorsports Inc

Ticker:

DVD

| Period | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Working Capital | -3.44 | -2.10 | -3.82 | -4.46 | 0.45 | 4.91 | 8.95 | 12.59 | 15.84 |
| Total Assets | 142.53 | 122.28 | 97.14 | 95.66 | 97.92 | 99.90 | 101.60 | 103.04 | 104.23 |
| X1 | -0.02 | -0.02 | -0.04 | -0.05 | 0.00 | 0.05 | 0.09 | 0.12 | 0.15 |
| Retained Earnings | -40.99 | -49.17 | -58.35 | -55.00 | -52.74 | -50.76 | -49.06 | -47.62 | -46.43 |
| Total Assets | 142.53 | 122.28 | 97.14 | 95.66 | 97.92 | 99.90 | 101.60 | 103.04 | 104.23 |
| X2 | -0.29 | -0.40 | -0.60 | -0.57 | -0.54 | -0.51 | -0.48 | -0.46 | -0.45 |
| EBITDA | 3.06 | 9.95 | -4.14 | 12.50 | 8.88 | 8.44 | 8.02 | 7.62 | 7.23 |
| Total Assets | 142.53 | 122.28 | 97.14 | 95.66 | 97.92 | 99.90 | 101.60 | 103.04 | 104.23 |
| X3 | 0.02 | 0.08 | -0.04 | 0.13 | 0.09 | 0.08 | 0.08 | 0.07 | 0.07 |
| Market Value of Equity | 75.71 | 75.71 | 75.71 | 75.71 | 74.26 | 72.83 | 71.44 | 70.07 | 68.72 |
| Total Liabilities | 80.25 | 67.77 | 54.86 | 47.69 | 47.69 | 47.69 | 47.69 | 47.69 | 47.69 |
| X4 | 0.94 | 1.12 | 1.38 | 1.59 | 1.56 | 1.53 | 1.50 | 1.47 | 1.44 |
| Net Sales | 63.27 | 54.84 | 51.87 | 46.75 | 44.41 | 42.19 | 40.08 | 38.08 | 36.17 |
| Total Assets | 142.53 | 122.28 | 97.14 | 95.66 | 97.92 | 99.90 | 101.60 | 103.04 | 104.23 |
| X5 | 0.44 | 0.45 | 0.53 | 0.49 | 0.45 | 0.42 | 0.39 | 0.37 | 0.35 |
| Altman Z Score | 0.65 | 0.80 | 0.33 | 1.01 | 0.94 | 0.97 | 0.98 | 0.99 | 1.00 |

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

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