

Emerson Radio Corp (MSN)

Price:	\$1.73	Price/Book:	0.81	EV/EBITDA 5x TV:	\$5.75
Market Cap:	\$46,940,327	Price/Earnings:	3.94	Net Tangible Asset TV:	\$4.11
Cash:	\$43,780,000	EV/EBITA:	0.27	SN Defined TV:	\$7.22
Debt:	\$2,660,000	EV/FCF:	0.21	Economic Value Added:	\$6.65
Net Cash:	\$41,120,000	Net Tang. Asset/Share:	\$2.08	Year 5 Target:	\$5.93
Enterprise Value:	\$5,820,327	Avg. Year 1-5 FCF/Share:	\$0.42	Appreciation:	242.814%

Dividend?

Dividend yield is 0.00%.

Price to Book

Price to book is 0.80. Price to book excluding goodwill is 0.83.

Cashflow Generation

Cashflows are \$13 MM from operating cashflow.

Capex is \$2 MM, minority interest payment is \$0 MM, intangibles are \$0 MM and dividend is \$0 MM.

Free cash flow is about \$11 MM.

10.3% EBITA margin and FCF yield is 197.3%.

The company has \$43.8 MM in cash/short term investment and \$2.7 MM in debt.

We are projecting a \$41.0 MM paydown annually.

Profitability

ROA is 20.8%, and ROC is 27.4%.

Bankruptcy Risk

Altman Z is at 5.5.

LBO?

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

Price

We are forecasting a \$5.90/share in Year 5, or a 242.8% holding return, or 27.9% annual return. Thus, the 1 year forecasted price is \$2.20.

Emerson Radio Corp (MSN)

Ticker:

MSN

Emerson Radio: From China to the U.S.A.

Emerson Radio ("the company") hires Chinese manufacturers to produce electronic products (microwave ovens, digital clock radios, TV, DVD players) which can then be distributed and sold through retail outlets, namely Walmart (58% of revenue) and Target (29%). The brand has existed for over 100 years, so it carries a reliable image.

Grande Holdings, is the majority shareholder, with a 56% share of the common stocks. They are located in Hong Kong. Essentially, Chinese investors own the company and are selling Chinese goods in the U.S. under an American brand name. The company's warehouse is in California, so imagine the products are shipped from Chinese factories (Midea-73% of revenue; top 5 home appliance manufacturer in the world) to California, and the goods are distributed to Walmart and Target distribution centers. The company also licenses out the brand name to third parties.

The company is selling at a concerning valuation multiple. The company is generating positive cash flow, no debt.

The issue isn't the underlying business. The issue is the insolvency and concerns associated with Grande Holdings. They may have to sell off their holdings of the company, which could lower the share price. On the other hand, a large stake sale could court buyers and at its' current valuation, it may be a good investment.

However, at today's prices, investors are pricing in a worst case scenario.

Sung Nam
SN VALUATION

SN VALUATION

LBO Analysis

WACC Terminal Value:		Intrinsic Price in 5 Years:	5.93	Non-LBO Forecast	Non-LBO Forecast
EV/EBITDA with 3X Multiple Terminal Value:	\$5.75	Market Price:	1.73	Year 1 Target	2.21
Net Tangible Asset Terminal Value:	\$4.11	LBO Price:	1.73	Year 2 Target	2.83
EV/EBITDA with Today's Multiple Terminal Value:	\$7.22	Premium to Market Price:	-0.01%	Year 3 Target	3.62
EVA Enterprise Value:	\$6.65	LBO Price/Intrinsic Price Target:	27.94%	Year 4 Target	4.64
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	31.61%	Year 5 Target	5.93
Average (Excluding Dividend Discount):	\$5.93	Implied IRR at today's EV/EBITDA:	33.07%	Implied IRR (Market Price):	27.94%
		5 Year Return:	242.81%	Desired Return Rate	20.00%
				Implied Today's Price	2.38
				Overvalued/(Undervalued)	-27.41%

Current Evaluation				Exit Evaluation			
Current Market Price:	1.73	LBO Price:	1.73	Exit Price:	5.93	Exit Price:	7.22
Outstanding Shares:	27,130,000	Outstanding Shares:	27,130,000	Outstanding Shares:	27,130,000	Outstanding Shares:	27,130,000
Market Capitalization:	46,940,327	Market Capitalization:	46,934,900	Market Capitalization:	160,918,213	Market Capitalization:	195,848,746
Available Cash:	43,780,000	Available Cash:	43,780,000	Available Cash:	98,534,132	Available Cash:	98,534,132
Debt:	2,660,000	Debt:	2,660,000	Debt:	2,470,000	Debt:	2,470,000
Net Cash:	41,120,000	Net Cash:	41,120,000	Net Cash:	96,064,132	Net Cash:	96,064,132
Enterprise Value:	5,820,327	Enterprise Value:	5,814,900	Enterprise Value:	64,854,082	Enterprise Value:	99,784,615
Original EV/EBITDA:	0.28	EV/EBITDA:	0.28	EV/EBITDA at 5 Years:	3.25	EV/EBITDA at 5 Years:	5.00
Original EV/EBITDA:	0.27	EV/EBITDA:	0.27	EV/EBITDA at 5 Years:	4.63	EV/EBITDA at 5 Years:	4.87
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:	1.73	1.73	2.21	2.83	3.62	4.63	5.93
Shares Outstanding:	27,130,000	27,130,000	27,130,000	27,130,000	27,130,000	27,130,000	27,130,000
Market Capitalization:	46,934,900	46,924,900	60,037,862	76,815,184	98,280,858	125,745,021	160,883,928
Available Cash:	43,780,000	43,780,000	52,077,442	63,298,454	74,778,107	86,521,574	98,534,132
Debt:	2,670,000	2,670,000	2,470,000	2,470,000	2,470,000	2,470,000	2,470,000
Net Cash:	41,110,000	41,110,000	49,607,442	60,828,454	72,308,107	84,051,574	96,064,132
Enterprise Value:	5,824,900	5,814,900	10,430,420	15,986,731	25,972,751	41,693,447	64,819,796
EBIT	20,710,000	20,710,000	18,437,112	18,805,854	19,181,971	19,565,611	19,956,923
EV/EBIT:	0.28	0.28	0.57	0.85	1.35	2.13	3.25
EBITDA	21,210,000	21,210,000	18,947,112	19,326,054	19,712,575	20,106,827	20,508,963
EV/EBITDA:	0.27	0.27	0.55	0.83	1.32	2.07	3.16

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	1.73	1.73	2.02	2.44	2.86	3.30	3.75
Shares Outstanding:	27,130,000	27,130,000	27,130,000	27,130,000	27,130,000	27,130,000	27,130,000
Market Capitalization:	46,934,900	46,924,900	54,784,166	66,108,713	77,693,971	89,545,155	101,667,585
Available Cash:	43,780,000	43,780,000	52,077,442	63,298,454	74,778,107	86,521,574	98,534,132
Debt:	2,670,000	2,670,000	2,470,000	2,470,000	2,470,000	2,470,000	2,470,000
Net Cash:	41,110,000	41,110,000	49,607,442	60,828,454	72,308,107	84,051,574	96,064,132
Enterprise Value:	5,824,900	5,814,900	5,176,724	5,280,259	5,385,864	5,493,581	5,603,453
EBIT	20,710,000	20,710,000	18,437,112	18,805,854	19,181,971	19,565,611	19,956,923
EV/EBIT:	0.28	0.28	0.28	0.28	0.28	0.28	0.28
EBITDA	21,210,000	21,210,000	18,947,112	19,326,054	19,712,575	20,106,827	20,508,963
EV/EBITDA:	0.27	0.27	0.27	0.27	0.27	0.27	0.27

LBO Price	1.73	Equity Partners:	49,604,900	Weighting	100.00%	Annualized Return for Equity Partners: 31.61%
Shares Outstanding	27,130,000	Debt Partners:	0		0.00%	
Market Capitalization	46,934,900	Total Funds for LBO:	49,604,900		100.00%	
Debt	2,670,000					
Cash	43,780,000					
Enterprise Value	5,824,900					
Capital Investment	49,604,900					

Book Value		Enterprise Value		Stock Valuation		Debt Reduction	
Beginning Book Value	58.10	Beginning Enterprise Value	5.81	Current Market Price	\$1.73	Starting Debt	0.15
Year 5 Book Value	122.87	Year 5 Enterprise Value	99.78	Year 5 Market Price	\$7.22	Debt Repayment	2.52
Annualized Return	16.16%	Annualized Return	76.56%	Annualized Return	33.07%	Year 5 Ending Debt	0.00
						% of Starting Debt	0.00%

SN VALUATION

LBO Pro Forma Income Statement

Name:

Emerson Radio Corp

Ticker:

MSN

	Historical				Forecasted				
	52 weeks ending 2008-03-31	52 weeks ending 2009-03-31	52 weeks ending 2010-03-31	12 months ending 2011-03-31	2011	2012	2013	2014	2015
Revenue	223.17	200.60	206.96	200.84	204.86	208.95	213.13	217.40	221.74
COGS	201.00	182.35	175.46	172.92	176.18	179.70	183.29	186.96	190.70
Gross margin	22.17	18.25	31.50	27.92	28.68	29.25	29.84	30.44	31.04
SG&A	23.29	16.89	14.60	7.36	8.19	8.36	8.53	8.70	8.87
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	1.10	0.12	0.00	-1.81	0.00	0.00	0.00	0.00	0.00
Other operating expense	6.10	5.76	3.13	1.64	2.05	2.09	2.13	2.17	2.22
Depreciation is: Excluded from COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	-8.32	-4.52	13.77	20.71	18.44	18.81	19.18	19.57	19.96
Interest income/(expense)	0.76	0.25	-0.03	1.00	0.44	0.44	0.44	0.44	0.44
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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income before tax	-7.54	-4.27	13.74	21.71	18.87	19.24	19.62	20.00	20.39
Tax	1.42	-0.09	2.37	5.79	6.42	6.54	6.67	6.80	6.93
Income after tax	-8.96	-4.18	11.37	15.92	12.46	12.70	12.95	13.20	13.46
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	-8.96	-4.18	11.37	15.92	12.46	12.70	12.95	13.20	13.46
*Figures are in millions (\$)									
EPS (based off today's share count)	-\$0.33	-\$0.15	\$0.42	\$0.59	\$0.46	\$0.47	\$0.48	\$0.49	\$0.50
P/E (historical today's price; forecasted intrinsic price)	-5.24	-11.23	4.13	2.95	4.82	6.05	7.59	9.53	11.95
Revenue Growth	N/A	-10.11%	3.17%	-2.96%	2.00%	2.00%	2.00%	2.00%	2.00%
Tax Rate	-18.83%	2.11%	17.25%	26.67%	34.00%	34.00%	34.00%	34.00%	34.00%
Implied Debt Interest Rate	345.45%	4.25%	-0.51%	37.45%	291.87%	NA	NA	NA	NA
Margins									
COGS	90.07%	90.90%	84.78%	86.10%	86.00%	86.00%	86.00%	86.00%	86.00%
Gross margin	9.93%	9.10%	15.22%	13.90%	14.00%	14.00%	14.00%	14.00%	14.00%
SG&A	10.44%	8.42%	7.05%	3.67%	4.00%	4.00%	4.00%	4.00%	4.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.49%	0.06%	0.00%	-0.90%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	2.73%	2.87%	1.51%	0.82%	1.00%	1.00%	1.00%	1.00%	1.00%
Depreciation is: Excluded from COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	-3.73%	-2.25%	6.65%	10.31%	9.00%	9.00%	9.00%	9.00%	9.00%
Interest income/(expense)	0.34%	0.12%	-0.01%	0.50%	0.21%	0.21%	0.21%	0.20%	0.20%
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%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	-3.38%	-2.13%	6.64%	10.81%	9.21%	9.21%	9.21%	9.20%	9.20%
Tax	0.64%	-0.04%	1.15%	2.88%	3.13%	3.13%	3.13%	3.13%	3.13%
Income after tax	-4.01%	-2.08%	5.49%	7.93%	6.08%	6.20%	6.32%	6.44%	6.57%
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	-4.01%	-2.08%	5.49%	7.93%	6.08%	6.08%	6.08%	6.07%	6.07%

					Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	As of 2008-03-31	As of 2009-03-31	As of 2010-03-31	As of 2011-03-31	+	-						
Cash	14.28	22.52	15.05	39.06			39.06	47.36	58.58	70.06	81.80	93.81
Short term investment	0.00	0.00	0.00	4.72			4.72	4.72	4.72	4.72	4.72	4.72
Cash and Short term	14.28	22.52	15.05	43.78			43.78	52.08	63.30	74.78	86.52	98.53
Accounts Receivable	18.02	16.05	20.35	10.93			10.93	10.93	10.93	10.93	10.93	10.93
Other receivables	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	18.02	16.05	20.35	10.93			10.93	10.93	10.93	10.93	10.93	10.93
Deferred Income Tax	-3.31	-3.29	1.07	1.37			1.37	1.37	1.37	1.37	1.37	1.37
Total Inventory	24.72	20.69	10.95	8.52			8.52	8.52	8.52	8.52	8.52	8.52
Prepaid Expenses	2.25	2.19	0.74	0.55			0.55	0.55	0.55	0.55	0.55	0.55
Other Current Assets	5.88	7.90	3.38	3.56			3.56	3.56	3.56	3.56	3.56	3.56
Current Assets	61.84	66.06	51.54	68.71	0.00	0.00	68.71	77.01	88.23	99.71	111.45	123.46
PP&E, Gross	6.91	6.12	4.14	4.32			4.32	6.32	8.32	10.32	12.32	14.32
Change in Depreciation	0.81	0.78	0.85	0.50			0.50	0.51	0.52	0.53	0.54	0.55
Accumulated Depreciation	0.00	0.00	0.85	1.35			1.35	1.86	2.38	2.91	3.45	4.00
PP&E, Net	6.91	6.12	3.29	2.97			2.97	4.46	5.94	7.41	8.87	10.32
Goodwill	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	0.28	0.26	1.61	1.54			1.54	1.54	1.54	1.54	1.54	1.54
Long term investments	11.95	6.03	6.03	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	6.95	7.57	6.79	3.50			3.50	3.50	3.50	3.50	3.50	3.50
Long Term Assets	26.09	19.98	17.72	8.01	0.00	0.00	8.01	9.50	10.98	12.45	13.91	15.36
Total Assets	87.93	86.04	69.26	76.72	0.00	0.00	76.72	86.51	99.21	112.16	125.36	138.82
Accounts Payable	21.80	19.00	20.80	14.41			14.41	14.41	14.41	14.41	14.41	14.41
Accrued Expense	0.87	1.13	0.96	1.20			1.20	1.20	1.20	1.20	1.20	1.20
Other current Liabilities	0.23	0.15	0.17	0.20			0.20	0.20	0.20	0.20	0.20	0.20
Total Current Liabilities	22.90	20.28	21.93	15.81	0.00	0.00	15.81	15.81	15.81	15.81	15.81	15.81
Notes Payables/Short Term Debt	0.00	5.73	5.63	2.47			2.47	2.47	2.47	2.47	2.47	2.47
Current port. Of LT Debt/Capital Leases	0.08	0.09	0.03	0.05			0.05	0.00	0.00	0.00	0.00	0.00
Long term Debt	0.00	0.06	0.20	0.15	0.00	0.00	0.15	0.00	0.00	0.00	0.00	0.00
Capital Lease Obligations	0.14	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Interest Earning Debt	0.22	5.88	5.86	2.67	0.00	0.00	2.67	2.47	2.47	2.47	2.47	2.47
Deferred Income tax	0.06	0.09	0.12	0.16			0.16	0.16	0.16	0.16	0.16	0.16
Minority Interest	0.13	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Liabilities	23.31	26.25	27.91	18.64	0.00	0.00	18.64	18.44	18.44	18.44	18.44	18.44
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	3.31	3.31	3.31	3.31			3.31	3.31	3.31	3.31	3.31	3.31
Common Stock	0.53	0.53	0.53	0.53		0.00	0.53	0.53	0.53	0.53	0.53	0.53
Additional Paid-in capital	117.25	117.24	98.78	98.78	0.00	0.00	98.78	98.78	98.78	98.78	98.78	98.78
Dividends Paid	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	-32.16	-36.98	-36.98	-21.05		0.00	-21.05	-8.59	4.11	17.06	30.26	43.72
Treasury Stock	-24.22	-24.22	-24.22	-24.22			-24.22	-24.22	-24.22	-24.22	-24.22	-24.22
Other Equity	-0.08	-0.08	-0.08	0.75		0.00	0.75	0.75	0.75	0.75	0.75	0.75
Total Equity	64.63	59.80	41.34	58.10	0.00	0.00	58.10	70.56	83.26	96.21	109.41	122.87
Liability + Equity	87.94	86.05	69.25	76.74	0.00	0.00	76.74	89.00	101.70	114.65	127.85	141.31
Variance	-0.01	-0.01	0.01	-0.02			-0.02	-2.49	-2.49	-2.49	-2.49	-2.49
Debt/Equity	0.00	0.10	0.14	0.05			0.05	0.04	0.03	0.03	0.02	0.02
Inventory Turnover	9.03	9.70	18.90	23.57			23.57	24.04	24.53	25.02	25.52	26.03
Inventory Turnover Days	40.43	37.65	19.31	15.48			15.48	15.18	14.88	14.59	14.30	14.02
Days Inventory Outstanding	44.89	41.41	22.78	17.98			17.98	17.65	17.31	16.97	16.63	16.31
Accounts Receivable Turnover	12.38	12.50	10.17	18.38			18.38	18.74	19.12	19.50	19.89	20.29
Accounts Receivable Turnover Days	29.47	29.20	35.89	19.86			19.86	19.47	19.09	18.72	18.35	17.99
Days Payable Outstanding	39.59	38.03	43.27	30.42			30.42	29.85	29.27	28.70	28.13	27.58
Days Sales Outstanding	29.47	29.20	35.89	19.86			19.86	19.86	19.47	19.09	18.72	18.35
Cash Conversion Cycle	34.77	32.59	15.40	7.43			7.43	7.66	7.51	7.36	7.22	7.08

SN VALUATION

LBO Adjusted Proforma Cash Flow

	52 weeks ending 2008-03-31	52 weeks ending 2009-03-31	52 weeks ending 2010-03-31	12 months ending 2011-03-31	2011	2012	2013	2014	2015
Net Income	-8.96	-4.18	11.37	15.92	12.46	12.70	12.95	13.20	13.46
Depreciation	0.81	0.78	0.85	0.50	0.51	0.52	0.53	0.54	0.55
Net Income + Depreciation	-8.15	-3.40	12.22	16.42	12.97	13.22	13.48	13.74	14.01
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	-1.55	-0.60	2.04	4.64	0.00	0.00	0.00	0.00	0.00
Non Cash Items	2.42	-1.80	-3.54	-1.25	0.00	0.00	0.00	0.00	0.00
Change in Working capital	36.57	2.79	12.71	5.26	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	1.97	-4.30	9.42	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	4.03	9.74	2.43	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.06	1.45	0.19	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-2.80	1.80	-6.39	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	29.29	-3.01	23.43	25.07	12.97	13.22	13.48	13.74	14.01
Capital Expenditures	-0.87	-0.42	-4.05	-0.23	-2.00	-2.00	-2.00	-2.00	-2.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	-12.32	6.23	3.02	2.36	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-13.19	5.81	-1.03	2.13	-2.00	-2.00	-2.00	-2.00	-2.00
Financing Cash flow items	0.04	-0.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	-29.84	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	-2.52	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	-3.76	5.58	-0.02	-3.20	-0.15	0.00	0.00	0.00	0.00
Cash from Financing Activities	-3.67	5.45	-29.86	-3.20	-2.67	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	1.85	14.28	22.52	15.05	39.06	47.36	58.58	70.06	81.80
Net Change in Cash	12.43	8.23	-7.47	24.00	8.30	11.22	11.48	11.74	12.01
Ending Cash Balance	14.28	22.52	15.05	39.05	47.36	58.58	70.06	81.80	93.81
Depreciation to Sales	0.36%	0.39%	0.41%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
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	8.07%	8.00%	9.83%	5.44%	5.34%	5.23%	5.13%	5.03%	4.93%
Distributable FCF Yield	276.62%	48.11%	384.86%	467.33%	188.43%	192.79%	197.23%	201.77%	206.39%
Dividend Yield	0.00%	0.00%	-63.57%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing-Dividends)	16.10	2.80	52.24	27.20	10.97	11.22	11.48	11.74	12.01

SN VALUATION

LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	24.00	8.30	11.22	11.48	11.74	12.01
Current Portion Debt Repayment		2.52				
Long Term Debt Repayment		0.15				
Outstanding Debt	2.67	0.00	0.00	0.00	0.00	0.00
Current Portion Debt Balance	2.52	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	0.15	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		43.78				
Interest @ 1.0%		0.44	0.44	0.44	0.44	0.44
Net Interest Expense/(Income)		(0.44)	(0.44)	(0.44)	(0.44)	(0.44)
Net Interest Rate		-291.87%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
EBITDA		18.44	18.81	19.18	19.57	19.96
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

Altman Z Score

Company Name:

Emerson Radio Corp

Ticker:

MSN

Period	2007	2008	2009	2010	2011	2012	2013	2014	2015
Working Capital	38.94	45.78	29.61	52.90	61.20	72.42	83.90	95.64	107.65
Total Assets	87.93	86.04	69.26	76.72	86.51	99.21	112.16	125.36	138.82
X1	0.44	0.53	0.43	0.69	0.71	0.73	0.75	0.76	0.78
Retained Earnings	-32.16	-36.98	-36.98	-21.05	-8.59	4.11	17.06	30.26	43.72
Total Assets	87.93	86.04	69.26	76.72	86.51	99.21	112.16	125.36	138.82
X2	-0.37	-0.43	-0.53	-0.27	-0.10	0.04	0.15	0.24	0.31
EBITDA	-8.32	-4.52	13.77	20.71	18.44	18.81	19.18	19.57	19.96
Total Assets	87.93	86.04	69.26	76.72	86.51	99.21	112.16	125.36	138.82
X3	-0.09	-0.05	0.20	0.27	0.21	0.19	0.17	0.16	0.14
Market Value of Equity	46.94	46.94	46.94	46.94	60.06	76.84	98.31	125.77	160.92
Total Liabilities	23.31	26.25	27.91	18.64	18.44	18.44	18.44	18.44	18.44
X4	2.01	1.79	1.68	2.52	3.26	4.17	5.33	6.82	8.73
Net Sales	223.17	200.60	206.96	200.84	204.86	208.95	213.13	217.40	221.74
Total Assets	87.93	86.04	69.26	76.72	86.51	99.21	112.16	125.36	138.82
X5	2.54	2.33	2.99	2.62	2.37	2.11	1.90	1.73	1.60
Altman Z Score	3.45	3.27	4.42	5.46	5.74	6.17	6.77	7.60	8.68

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

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

SN VALUATION

Economic Indicators

Indicators	Period	Value	Previous Value	Chg %	Released
Adjusted National Financial Conditions Index	Jan 20 2012	-0.2	-0.22	-7.29%	Error
Case-Shiller Home Price Index: National	Sep 2011	127.78	129.35	-1.21%	-0.0395
Philly Fed Manufacturing Activity Index	Jan 2012	7.3	6.80	7.35%	-0.578
Philly Fed Manufacturing Future Activity Index	Jan 2012	49	40.00	22.50%	0.0294
US Average Claims for Unemployment Insurance	Jan 14 2012	3570	3585.417294	-0.43%	-0.1169
US Average Initial Claims for Unemployment Insurance	Jan 21 2012	377.50K	N/A	-0.66%	-0.098
US Industrial Production Index	Nov 2011	94.83	95.04	-0.22%	0.0374
US Initial Claims for Unemployment Insurance	Jan 21 2012	377.00K	N/A	5.90%	-0.0916
US Producer Price Index	Dec 2011	192.6	192.79	-0.10%	0.0484
US Quits Rate: Total Nonfarm	Nov 2011	0.015	0.015	0.00%	0.1538
US Quits: Total Nonfarm	Nov 2011	1960	1919.12	2.13%	0.1185
US Retail Sales	Dec 2011	357980000	357,944,206	0.01%	0.0627
US Total Business Inventories	Nov 2011	1.55T	N/A	0.32%	0.0855
US Total Business Inventory/Sales Ratio	Nov 2011	1.27	1.27	0.00%	-0.0078
US Total Business Sales	Nov 2011	1.22T	N/A	0.31%	0.096
US Total Separations Rate: Total Nonfarm	Nov 2011	0.03	0.03	0.00%	0
US Total Separations: Total Nonfarm	Nov 2011	4000	3902.82	2.49%	0.0326

U.S. Key Indicators

10 Year Treasury Rate	1.96%
US Producer Price Index	192.6
US Initial Claims for Unemployment Insurance	377.00K
US 30 Year Mortgage Rate	3.98%
US Average Claims for Unemployment Insurance	3,570
US Retail Sales	357,980,000
US Unemployment Rate	0.085
US Durable Goods Orders	214,520,000
US Purchasing Managers Index	53.9
US Personal Consumption Expenditures	10.86T
US Consumer Price Index	226.75
US Consumer Sentiment	69.8
US Housing Starts	657.00K

Korea Key Indicators

	Period	Value	Chg from 1 Year
Gold Price in Korean Won	Jan 20 2012	1,874,915	24.26%
Korea Change in Stocks	Sep 2011	3.3	230.00%
Korea Consumer Price Index	Dec 2011	122.13	4.16%
Korea Core Consumer Price Index	Dec 2011	117.45	2.68%
Korea Core Inflation Rate	Oct 2011	0.0315	68.28%
Korea GDP	Sep 2011	310.1	5.30%
Korea Inflation Rate	Oct 2011	0.039	-3.90%
Korea Manufacturing Producer Price Index	Nov 2011	125.69	6.71%
Korea Misery Index	Oct 2011	7	-7.39%
Korea Real GDP Growth	Sep 2011	0.0349	-20.14%
Korea Unemployment Rate	Nov 2011	0.031	-3.12%

Source: Ycharts.com

2012-01-31