

Heckmann Co. (HEK)

Price:	\$4.24
Market Cap:	\$664,450,400
Cash:	\$11,680,000
Debt:	\$269,650,000
Net Cash:	-\$257,970,000
Enterprise Value:	\$922,420,400
Target Market Cap:	\$913,959,054
Target Enterprise Value:	\$1,171,929,054

Price/Book:	1.41
EV/FCF:	-5.69
Net Tang. Asset/Share:	\$1.14
Avg. Year 1-5 FCF/Share:	\$0.64
5 Years of FCF:	\$3.20
Net Tang. Asset+5 FCF:	\$4.35

Net Tang. Asset Yr. 5/Share:	\$0.71
Avg. Year FCF/Share:	\$0.64
Year 5 Disposition FCF Multipl:	3.0
Year 5 Disposition Price:	\$2.63
Gain Year 5:	\$1.49

Net Tang. Asset+5 FCF+ Gain Disposition:	\$5.83
IRR:	6.58%

Fracking is a commonplace term in the investment community nowadays and HEK is one of the beneficiaries of the elevated activity level surrounding this space. They service the energy co. which drill the holes by installing water pipes which carry clean and dirty water to and away from the drill sites. The revenue growth has been explosive, with 2011 revenue breaking the \$100MM mark, from \$4 MM a couple years prior. We see potential risk with the high capex requirements, which led to high leverage. The co. has burned cash levels to \$10MM from and taken on more debt. But growth prospects may warrant the further leveraging as the co. expects to record profit in a couple years.

The founder is Richard Heckmann, a serial entrepreneur, who started Callaway and US Filter, and is now a part owner of the Phoenix Suns.

With further pressure from regulatory bodies with relations to environmental friendliness, energy co.'s are obligated to pay for these services. With natural gas prices down from oversupply, revenues may sway a little, but we are bullish on the long term prospects of natural gas and believe further activity will take place in the mid-term.

The figures in our model we feel are very aggressive, so don't look at the forecasted figures in model at face value. Rather, focus on the growth prospects and should depreciation to sales maintain 14% of revenue, then op. cash flow would be accretive to the co. value starting T+2 years. The main risk of course is liquidity and solvency risk, with the \$300MM in debt.

SN VALUATION

LBO Analysis

WACC Terminal Value:	N/A	Intrinsic Price in 5 Years:	2.63	Non-LBO Forecast	Non-LBO Forecast	Desired Return Rate	20.00%
EV/EBITDA with 3X Multiple Terminal Value:	\$1.56	Market Price:	4.24	Year 1 Target	3.85	Implied Today's Price	1.06
Net Tangible Asset Terminal Value:	\$3.32	LBO Price:	4.24	Year 2 Target	3.50	Overvalued/(Undervalued)	300.86%
EV/EBITDA with Today's Multiple Terminal Value:	\$1.56	Premium to Market Price:	0.00%	Year 3 Target	3.19		
EVA Enterprise Value:	\$4.10	LBO Price/Intrinsic Price Target:	-9.10%	Year 4 Target	2.90		
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	-21.32%	Year 5 Target	2.63		
Average (Excluding Dividend Discount):	\$2.63	Implied IRR at today's EV/EBITDA:	-18.17%	Implied IRR (Market Price):	-9.10%		
		5 Year Return:	-37.92%				

Current Evaluation				Exit Evaluation			
Current Market Price:	4.24	LBO Price:	4.24	Exit Price:	2.63	Exit Price:	1.56
Outstanding Shares:	156,710,000	Outstanding Shares:	156,710,000	Outstanding Shares:	156,710,000	Outstanding Shares:	156,710,000
Market Capitalization:	664,450,400	Market Capitalization:	664,450,400	Market Capitalization:	412,459,126	Market Capitalization:	243,800,971
Available Cash:	11,680,000	Available Cash:	11,680,000	Available Cash:	513,450,971	Available Cash:	513,450,971
Debt:	269,650,000	Debt:	269,650,000	Debt:	269,650,000	Debt:	269,650,000
Net Cash:	-257,970,000	Net Cash:	-257,970,000	Net Cash:	243,800,971	Net Cash:	243,800,971
Enterprise Value:	922,420,400	Enterprise Value:	922,420,400	Enterprise Value:	168,658,155	Enterprise Value:	0
Original EV/EBITDA:	-170.50	EV/EBITDA:	-170.50	EV/EBITDA at 5 Years:	#DIV/0!	EV/EBITDA at 5 Years:	5.00
Original EV/EBITDA:	38.81	EV/EBITDA:	46.35	EV/EBITDA at 5 Years:	1.42	EV/EBITDA at 5 Years:	0.00
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:	4.24	0.00	0.00	0.00	0.00	0.00	0.00
Shares Outstanding:	156,710,000	156,710,000	156,710,000	156,710,000	156,710,000	156,710,000	156,710,000
Market Capitalization:	664,450,400	-510,702	-464,249	-422,022	-383,635	-348,740	-317,019
Available Cash:	11,680,000	11,680,000	40,081,166	137,658,244	251,498,155	372,847,649	513,450,971
Debt:	269,650,000	269,650,000	269,650,000	269,650,000	269,650,000	269,650,000	269,650,000
Net Cash:	-257,970,000	-257,970,000	-229,568,834	-131,991,756	-18,151,845	103,197,649	243,800,971
Enterprise Value:	922,420,400	257,459,298	229,104,586	131,569,735	17,768,210	-103,546,389	-244,117,990
EBIT	-1,510,000	-1,510,000	0	5	5	0	0
EV/EBIT:	-610.87	-170.50	#DIV/0!	-2,314,599,254,743,390.00	3,553,642.07	3,643,214,688,564,420.00	#DIV/0!
EBITDA	19,900,000	19,900,000	47,102,000	98,914,200	108,805,620	119,686,182	131,654,800
EV/EBITDA:	46.35	46.35	4.86	1.33	0.16	-0.87	-1.85

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	4.24	0.00	-1.46	-0.84	-0.12	0.66	1.56
Shares Outstanding:	156,710,000	156,710,000	156,710,000	156,710,000	156,710,000	156,710,000	156,710,000
Market Capitalization:	664,450,400	-510,702	-229,568,834	-131,991,756	-18,152,698	103,197,649	243,800,971
Available Cash:	11,680,000	11,680,000	40,081,166	137,658,244	251,498,155	372,847,649	513,450,971
Debt:	269,650,000	269,650,000	269,650,000	269,650,000	269,650,000	269,650,000	269,650,000
Net Cash:	-257,970,000	-257,970,000	-229,568,834	-131,991,756	-18,151,845	103,197,649	243,800,971
Enterprise Value:	922,420,400	257,459,298	0	0	-853	0	0
EBIT	-1,510,000	-1,510,000	0	5	5	0	0
EV/EBIT:	-610.87	-170.50	-170.50	-170.50	-170.50	-170.50	-170.50
EBITDA	19,900,000	19,900,000	47,102,000	98,914,200	108,805,620	119,686,182	131,654,800
EV/EBITDA:	46.35	46.35	0.00	0.00	0.00	0.00	0.00

LBO Price	4.24	Equity Partners:	808,520,400	Weighting	100.00%	Annualized Return for Equity Partners:	-21.32%
Shares Outstanding	156,710,000	Debt Partners:	0		0.00%		
Market Capitalization	664,450,400	Total Funds for LBO:	808,520,400		100.00%		
Debt	144,070,000						
Cash	11,680,000						
Enterprise Value	796,840,400						
Capital Investment	808,520,400						

Book Value		Enterprise Value		Stock Valuation		Debt Reduction	
Beginning Book Value	470.07	Beginning Enterprise Value	922.42	Current Market Price	\$4.24	Starting Debt	265.00
Year 5 Book Value	401.93	Year 5 Enterprise Value	0.00	Year 5 Market Price	\$1.56	Debt Repayment	0.00
Annualized Return	-3.08%	Annualized Return	-100.00%	Annualized Return	-18.17%	Year 5 Ending Debt	265.00
						% of Starting Debt	100.00%

SN VALUATION

LBO Pro Forma Income Statement

Name:

Heckmann Co.

Ticker:

HEK

	Historical				Forecasted				
	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	2013	2014	2015	2016	2017
Revenue	10.51	3.82	15.21	156.84	345.05	724.60	797.06	876.77	964.44
COGS	7.25	2.10	11.34	123.51	272.59	572.43	629.68	692.65	761.91
Gross margin	3.26	1.72	3.87	33.33	72.46	152.17	167.38	184.12	202.53
SG&A	3.86	9.09	10.35	32.75	72.46	152.17	167.38	184.12	202.53
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	21.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	11.83	2.09	0.00	0.00	0.00	0.00	0.00
Depreciation is: Excluded from COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	-21.75	-7.37	-18.31	-1.51	0.00	0.00	0.00	0.00	0.00
Interest income/(expense)	10.94	3.92	1.40	-4.70	-12.63	-12.63	-12.63	-12.63	-12.63
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	-0.17	0.15	4.41	6.23	0.00	0.00	0.00	0.00	0.00
Income before tax	-11.03	-3.40	-13.70	-3.88	-12.63	-12.63	-12.63	-12.63	-12.63
Tax	-3.71	-0.08	-3.40	-3.77	0.00	0.00	0.00	0.00	0.00
Income after tax	-14.74	-3.32	-10.30	-0.11	-12.63	-12.63	-12.63	-12.63	-12.63
Minority Interest	-0.18	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	-14.92	-3.32	-10.30	-0.11	-12.63	-12.63	-12.63	-12.63	-12.63
*Figures are in millions (\$)									
EPS (based off today's share count)	-\$0.10	-\$0.02	-\$0.07	\$0.00	-\$0.08	-\$0.08	-\$0.08	-\$0.08	-\$0.08
P/E (historical today's price; forecasted intrinsic price)	-44.53	-200.14	-64.51	-6,040.46	-47.83	-43.48	-39.52	-35.93	-32.66
Revenue Growth	N/A	-63.65%	298.17%	931.16%	120.00%	110.00%	10.00%	10.00%	10.00%
Tax Rate	-33.64%	2.35%	24.82%	97.16%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	7814.29%	213.04%	4.42%	-3.26%	-4.77%	-4.77%	-4.77%	-4.77%	-4.77%
Margins									
COGS	68.98%	54.97%	74.56%	78.75%	79.00%	79.00%	79.00%	79.00%	79.00%
Gross margin	31.02%	45.03%	25.44%	21.25%	21.00%	21.00%	21.00%	21.00%	21.00%
SG&A	36.73%	237.96%	68.05%	20.88%	21.00%	21.00%	21.00%	21.00%	21.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	201.24%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	77.78%	1.33%	0.00%	0.00%	0.00%	0.00%	0.00%
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)	-206.95%	-192.93%	-120.38%	-0.96%	0.00%	0.00%	0.00%	0.00%	0.00%
Interest income/(expense)	104.09%	102.62%	9.20%	-3.00%	-3.66%	-1.74%	-1.58%	-1.44%	-1.31%
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	-1.62%	3.93%	28.99%	3.97%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	-104.95%	-89.01%	-90.07%	-2.47%	-3.66%	-1.74%	-1.58%	-1.44%	-1.31%
Tax	35.30%	-2.09%	-22.35%	-2.40%	0.00%	0.00%	0.00%	0.00%	0.00%
Income after tax	-140.25%	-86.91%	-67.72%	-0.07%	-3.66%	-3.66%	-3.66%	-3.66%	-3.66%
Minority Interest	-1.71%	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	-141.96%	-86.91%	-67.72%	-0.07%	-3.66%	-1.74%	-1.58%	-1.44%	-1.31%

SN VALUATION

LBO Adjusted Proforma Balance Sheet

	As of 2008-12-31	As of 2009-12-31	As of 2010-12-31	As of 2011-12-31	As of 2012-09-30	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	281.68	136.05	80.76	80.19	11.68			11.68	40.08	137.66	251.50	372.85	513.45
Short term investment	10.00	26.53	87.98	5.17	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	291.68	162.58	168.14	85.36	11.68			11.68	40.08	137.66	251.50	372.85	513.45
Accounts Receivable	27.84	5.87	13.62	47.98	82.80			82.80	82.80	82.80	82.80	82.80	82.80
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	27.84	5.87	13.62	47.98	82.80			82.80	82.80	82.80	82.80	82.80	82.80
Total Inventory	2.24	2.90	0.15	0.76	3.20			3.20	3.20	3.20	3.20	3.20	3.20
Prepaid Expenses	8.84	4.46	2.07	4.52	5.96			5.96	5.96	5.96	5.96	5.96	5.96
Other Current Assets	0.54	0.28	17.29	1.04	3.57			3.57	3.57	3.57	3.57	3.57	3.57
Current Assets	331.14	176.09	201.27	139.66	107.21	0.00	0.00	107.21	135.61	233.19	347.03	468.38	608.98
PP&E, Gross	16.11	56.79	89.55	270.00	350.00			350.00	370.00	390.00	410.00	430.00	450.00
Change in Depreciation		0.60	3.37	21.41	21.41			21.41	47.10	98.91	108.81	119.69	131.65
Accumulated Depreciation	0.21	3.27	3.85	5.00	5.00			5.00	52.10	151.02	259.82	379.51	511.16
PP&E, Net	15.90	53.52	85.70	265.00	345.00			345.00	317.90	238.98	150.18	50.49	-61.16
Goodwill	315.02	13.60	41.01	90.01	295.63	0.00		295.63	295.63	295.63	295.63	295.63	295.63
Intangibles	29.88	23.51	20.61	29.49	72.94			72.94	58.01	25.72	-12.94	-48.24	-90.81
Long term investments	51.68	97.87	22.25	7.68	7.68			7.68	7.68	7.68	7.68	7.68	7.68
Other long term assets	16.95	0.41	28.46	2.78	10.60			10.60	10.60	10.60	10.60	10.60	10.60
Long Term Assets	429.43	188.91	198.03	394.96	731.85			731.85	689.82	578.61	451.15	316.17	161.93
Total Assets	760.57	365.00	399.30	534.62	839.06	0.00	0.00	839.06	825.43	811.80	798.17	784.54	770.92
Accounts Payable	10.51	20.97	7.24	19.99	19.99			19.99	19.99	19.99	19.99	19.99	19.99
Accrued Expense	2.21	17.68	5.02	11.69	11.69			11.69	11.69	11.69	11.69	11.69	11.69
Other current Liabilities	1.73	1.12	31.14	5.73	7.57			7.57	7.57	7.57	7.57	7.57	7.57
Total Current Liabilities	14.45	39.77	43.40	37.41	39.25	0.00	0.00	39.25	39.25	39.25	39.25	39.25	39.25
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	0.04	1.40	11.22	11.91	4.65			4.65	4.65	4.65	4.65	4.65	4.65
Long term Debt	0.10	0.44	20.47	132.16	265.00	0.00	0.00	265.00	265.00	265.00	265.00	265.00	265.00
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	0.14	1.84	31.69	144.07	269.65	0.00	0.00	269.65	269.65	269.65	269.65	269.65	269.65
Deferred Income tax	0.00	0.00	8.77	6.88	7.42			7.42	7.42	7.42	7.42	7.42	7.42
Minority Interest	2.85	2.16	1.46	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	1.91	10.24	14.31	9.51	47.84			47.84	47.84	47.84	47.84	47.84	47.84
Total Liabilities	19.35	54.01	99.63	197.87	364.16	0.00	0.00	364.16	364.16	364.16	364.16	364.16	364.16
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	0.13	0.12	0.13	0.14	0.14		0.00	0.14	0.14	0.14	0.14	0.14	0.14
Additional Paid-in capital	757.32	733.38	740.34	808.03	938.75	0.00	0.00	938.75	938.75	938.75	938.75	938.75	938.75
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	-1.00	-2.00	-3.00	-4.00	-5.00
Retained Earnings	-13.77	-409.17	-423.86	-446.87	-449.33		0.00	-449.33	-461.96	-474.59	-487.22	-499.85	-512.47
Treasury Stock	0.00	-14.00	-15.09	-19.50	-19.50			-19.50	-19.50	-19.50	-19.50	-19.50	-19.50
Other Equity	0.09	0.64	0.10	0.01	0.01		0.00	0.01	0.01	0.01	0.01	0.01	0.01
Total Equity	743.77	310.97	301.62	341.81	470.07	0.00	0.00	470.07	456.44	442.81	429.18	415.55	401.93
Liability + Equity	763.12	364.98	401.25	539.68	834.23	0.00	0.00	834.23	820.60	806.97	793.34	779.71	766.09
Variance	-2.55	0.02	-1.95	-5.06	4.83			4.83	4.83	4.83	4.83	4.83	4.83
Debt/Equity	0.00	0.01	0.11	0.42	0.57			0.57	0.59	0.61	0.63	0.65	0.67
Inventory Turnover	4.69	1.32	101.40	206.37	107.83			49.01	107.83	226.44	249.08	273.99	301.39
Inventory Turnover Days	77.79	277.09	3.60	1.77	3.39			7.45	3.39	1.61	1.47	1.33	1.21
Days Inventory Outstanding	112.77	504.05	4.83	2.25	4.28			9.46	4.28	2.04	1.85	1.69	1.53
Accounts Receivable Turnover	0.38	0.65	1.12	3.27	4.17			1.89	4.17	8.75	9.63	10.59	11.65
Accounts Receivable Turnover Days	966.85	560.88	326.84	111.66	87.59			192.69	87.59	41.71	37.92	34.47	31.34
Days Payable Outstanding	529.12	3,644.79	233.03	59.07	26.77			59.07	26.77	12.75	11.59	10.53	9.58
Days Sales Outstanding	966.85	560.88	326.84	111.66	87.59			111.66	192.69	87.59	41.71	37.92	34.47
Cash Conversion Cycle	550.50	-2,579.86	98.64	54.83	65.11			62.04	170.21	76.88	31.98	29.07	26.43
Net tangible assets/share	\$2.72	\$1.90	\$1.65	\$1.57	\$1.14				\$1.06	\$0.97	\$0.88	\$0.80	\$0.71

SN VALUATION

LBO Adjusted Proforma Cash Flow

	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	2011	2012	2013	2014	2015
Net Income	-14.74	-395.60	-14.69	-23.01	-12.63	-12.63	-12.63	-12.63	-12.63
Depreciation	0.21	0.60	3.37	21.41	47.10	98.91	108.81	119.69	131.65
Net Income + Depreciation	-14.53	-395.00	-11.32	-1.60	34.47	86.29	96.18	107.06	119.03
Amortization	0.40	0.11	1.24	3.87	14.93	32.29	38.66	35.29	42.58
Deferred Taxes	0.31	-0.75	-4.28	-4.28	0.00	0.00	0.00	0.00	0.00
Non Cash Items	-1.26	392.53	3.13	17.14	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-4.20	-2.94	3.58	-29.11	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	21.97	-7.75	-34.36	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	-0.66	2.75	-0.61	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	4.38	2.39	-2.45	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	10.46	-13.73	12.75	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	-19.28	-6.05	-4.09	-13.98	49.40	118.58	134.84	142.35	161.60
Capital Expenditures Expenditures	-1.11	-19.97	-17.44	-150.92	-20.00	-20.00	-20.00	-20.00	-20.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	306.38	-102.81	-20.76	2.82	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	305.27	-122.78	-38.20	-148.10	-20.00	-20.00	-20.00	-20.00	-20.00
Financing Cash flow items	0.00	1.71	-0.99	-3.79	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00
Issuance (Retirement) of Stock	-5.26	-18.41	-2.86	43.50	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	-0.01	0.00	1.23	111.34	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-5.27	-16.70	-2.62	151.05	-1.00	-1.00	-1.00	-1.00	-1.00
Foreign Exchange effect	0.09	-0.10	0.10	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	0.87	281.68	136.05	80.75	11.68	40.08	137.66	251.50	372.85
Net Change in Cash	280.81	-145.63	-44.84	-11.02	28.40	97.58	113.84	121.35	140.60
Ending Cash Balance	281.68	136.05	91.21	69.73	40.08	137.66	251.50	372.85	513.45
Capex to Revenue	10.56%	522.77%	114.66%	96.23%	5.80%	2.76%	2.51%	2.28%	2.07%
Depreciation to Sales	2.00%	15.71%	22.16%	13.65%	13.65%	13.65%	13.65%	13.65%	13.65%
Amortization to Sales	3.81%	2.88%	8.15%	2.47%	4.33%	4.46%	4.85%	4.03%	4.41%
A/R to Sales	264.89%	153.66%	89.55%	30.59%	13.91%	6.62%	6.02%	5.47%	4.97%
Distributable FCF Yield	31.00%	-13.97%	-4.58%	-17.57%	3.19%	10.69%	12.45%	13.26%	15.35%
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.15%	0.15%	0.15%	0.15%	0.15%
FCF (Ops-Investing-Dividends)	285.99	-128.83	-42.29	-162.08	28.40	97.58	113.84	121.35	140.60

SN VALUATION

LBO Debt Schedule

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	-11.02	28.40	97.58	113.84	121.35	140.60
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	269.65	269.65	269.65	269.65	269.65	269.65
Current Portion Debt Balance	4.65	4.65	4.65	4.65	4.65	4.65
Long Term Debt Balance	265.00	265.00	265.00	265.00	265.00	265.00
Forward Libor Curve		1.00%	1.00%	1.00%	1.00%	1.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
Interest Rate		5.00%	5.00%	5.00%	5.00%	5.00%
Interest Expense		13.48	13.48	13.48	13.48	13.48
Cash Balance		85.36				
Interest @ 1.0%		0.85	0.85	0.85	0.85	0.85
Net Interest Expense/(Income)		12.63	12.63	12.63	12.63	12.63
Net Interest Rate		4.77%	4.77%	4.77%	4.77%	4.77%
EBITDA		0.00	(0.00)	(0.00)	(0.00)	0.00
EBITDA/Interest Expense Coverage		0.00	(0.00)	(0.00)	(0.00)	0.00

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Heckmann Co.

Ticker:

HEK

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	316.69	136.32	157.87	67.96	96.36	193.94	307.78	429.13	569.73
Total Assets	760.57	365.00	399.30	839.06	825.43	811.80	798.17	784.54	770.92
X1	0.42	0.37	0.40	0.08	0.12	0.24	0.39	0.55	0.74
Retained Earnings	-13.77	-409.17	-423.86	-449.33	-461.96	-474.59	-487.22	-499.85	-512.47
Total Assets	760.57	365.00	399.30	839.06	825.43	811.80	798.17	784.54	770.92
X2	-0.02	-1.12	-1.06	-0.54	-0.56	-0.58	-0.61	-0.64	-0.66
EBITDA	-21.75	-7.37	-18.31	-1.51	0.00	0.00	0.00	0.00	0.00
Total Assets	760.57	365.00	399.30	839.06	825.43	811.80	798.17	784.54	770.92
X3	-0.03	-0.02	-0.05	0.00	0.00	0.00	0.00	0.00	0.00
Market Value of Equity	664.45	664.45	664.45	664.45	604.01	549.07	499.13	453.73	412.46
Total Liabilities	19.35	54.01	99.63	364.16	364.16	364.16	364.16	364.16	364.16
X4	34.34	12.30	6.67	1.82	1.66	1.51	1.37	1.25	1.13
Net Sales	10.51	3.82	15.21	156.84	345.05	724.60	797.06	876.77	964.44
Total Assets	760.57	365.00	399.30	839.06	825.43	811.80	798.17	784.54	770.92
X5	0.01	0.01	0.04	0.19	0.42	0.89	1.00	1.12	1.25
Altman Z Score	21.00	6.20	2.88	0.62	0.77	1.27	1.43	1.63	1.89

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

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