

March 7, 2014

SN VALUATION [Stocks, Real Estate, Bonds]

Intersections (INTX)

Price:	\$6.20	Net Tang. Bk Value Incl. Cash, Excl.	\$67,210,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$203,990,800.00
Market Cap:	\$112,220,000	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$41,991,788.44
Cash:	\$20,520,000	NTBVIC/Market Downside Recovery:	59.89%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$1,590,000	Op. Cash Flow:	\$42,846,720	Year 5 Disposition Price:	\$329,966,165.33
Net Cash:	\$18,930,000	Implied Years to Fill Gap:	1.05		
Enterprise Value:	\$93,290,000	Today's Equity if 5x Op. CF:	\$195,750,160		
				Net Tang. Book+ Gain Disposition:	\$329,966,165.33
Shares Outstanding:	18,100,000			IRR:	24.07%
				Price:	\$18.23
				Target Market Cap:	\$329,966,165
				Target Enterprise Value:	\$311,036,165

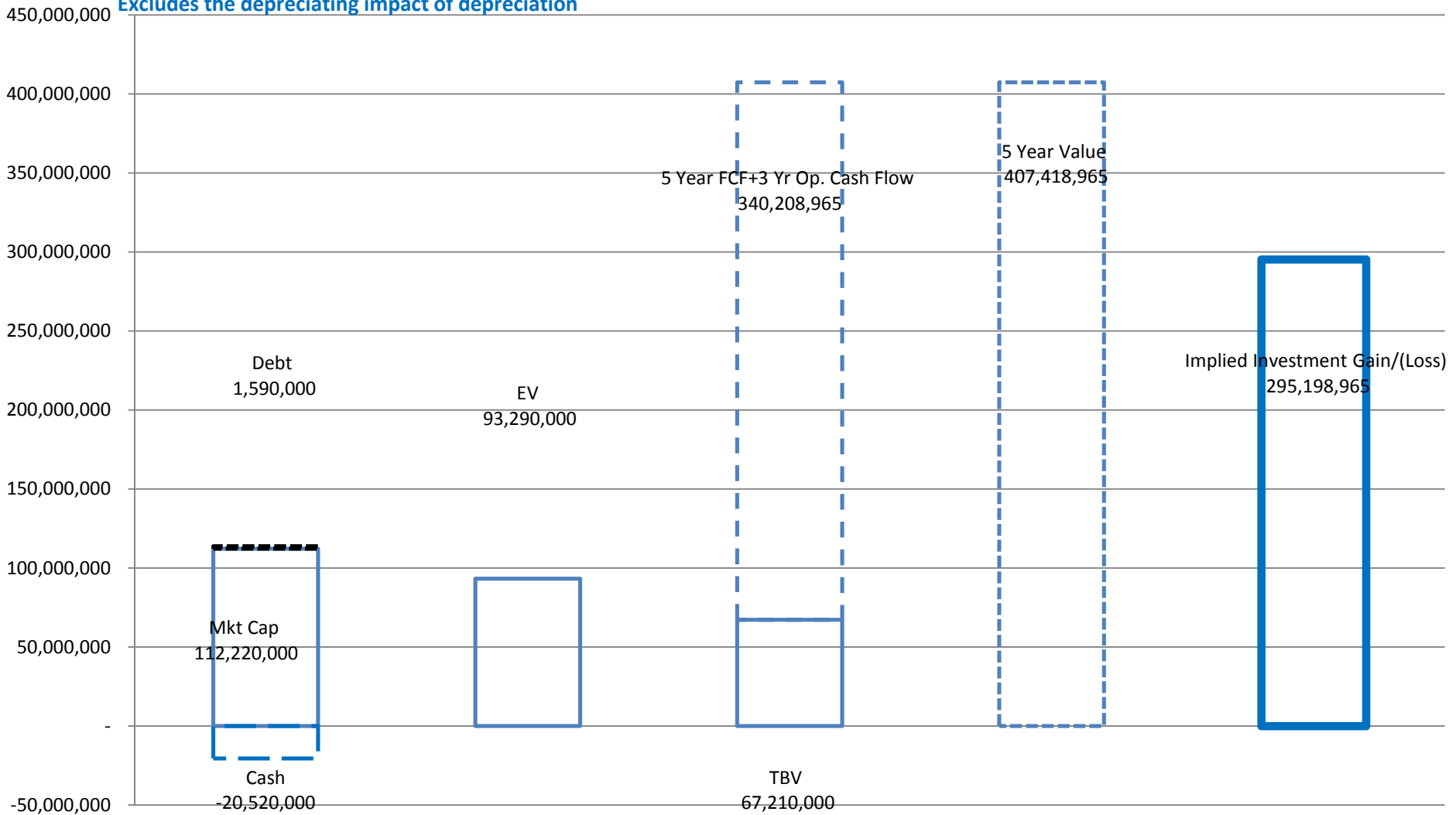
* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

I thought this investment was a bust since our investment returned a -40% since Feb. 2013. However, this Co. is phenomenally strong, both in balance sheet and operating cash flow. In fact, it generates a 12% dividend yield right now, so on a total return basis, this investment hasn't been as bad as we assumed.

Granted, the market is no dummy so there must be an explanation for the depreciation. On the surface level, the Co. is rock solid, with \$100MM in tangible assets and zero debt. The stock is trading near book. Most incredibly, the Co. generates \$40MM in operating cash flow with \$6MM in capex averaged over the past few years. This is why the Co. is able to distribute at such a high yield.

We believe this Co. will continue to appreciate in intrinsic value and the stock will catch up to the value.

Excludes the depreciating impact of depreciation



Intersections, Inc. was incorporated in Delaware in 1999. It has three reportable operating segments with continuing operations through the period ended December 31, 2012. Its Consumer Products and Services segment includes its identity theft protection and credit information management, data breach response, and insurance and membership products and services. Its Online Brand Protection segment includes the corporate brand protection and business intelligence services provided by its subsidiary Net Enforcers. The Bail Bonds Industry Solutions segment includes the software management solutions for the bail bond industry provided by subsidiary Captira Analytical. It identity theft protection and credit information management products and services provide consumers their credit reports, credit monitoring, credit scores, credit education, reports and monitoring of additional information, identity theft recovery services, identity theft cost reimbursement, and software and other technology tools and services. It also provide corporate brand protection and business intelligence services, including online channel monitoring, auction monitoring and other services, and it provide automated service solutions for the bail bonds industry, including accounting, reporting and decision making tools. These services include accounting, reporting, and decision making tools which allow bail bondsmen, general agents and sureties to run their offices more efficiently, to exercise greater operational and financial control over their businesses, and to make underwriting decisions. It believes Captira Analytical's services are the only fully integrated suite of bail bonds management applications of comparable scope available in the marketplace today. It recognizes its revenue on identity theft and credit management services, accidental death insurance; and other membership products.

Company Name:	Intersections
Ticker Symbol:	INTX
Last Price:	\$6.20
Net Cash/Share:	\$1.05
Net Cash to Last Price:	16.87%
Shares Outstanding:	18,100,000
Industry:	Business Services
Sector:	Industrials
Institutional Ownership:	42.65%
Mutual Fund Ownership:	17.41%
Insider Ownership:	6.03%
Float:	53.00%

Market Capitalization:	\$112,220,000.00
Total Debt:	\$1,590,000.00
Total Cash:	\$20,520,000.00
Net Cash/(Debt):	\$18,930,000.00
Enterprise Value:	\$93,290,000.00
Current EV/Share:	\$5.15
EBITDA:	\$60,040,000.00
EV/EBITDA Multiple:	1.55
EV/EBITDA Multiple Average Year 1-5:	1.81
EV/FCF Multiple (excluding acquisition):	2.13
	2.59

Revenue:	\$323,980,000.00	100.0%
Cost of Goods Sold:	\$81,620,000.00	25.2%
Gross Profit:	\$242,360,000.00	74.8%
EBITDA:	\$26,460,000.00	8.2%
Net Income:	\$3,730,000.00	1.2%

Income Statement

Balance Sheet

Cash:	\$20,520,000.00
Short Term Investment:	\$0.00
A/R:	\$23,000,000.00
PP&E:	\$23,000,000.00
Assets:	\$148,770,000.00

A/P:	\$4,000,000.00
Deferred Tax:	\$0.00
Other Liabilities:	\$29,380,000.00
Short term Debt:	\$720,000.00
Long Term Debt:	\$870,000.00
Liabilities:	\$34,970,000.00
Retained Earnings:	\$21,000,000.00
Paid-In Capital:	\$120,210,000.00
Treasury Stock:	-\$30,000,000.00
Stockholder's Equity:	\$111,210,000.00

Cash Flow

Net Income:	19,700,000.00
Depreciation/Amortization:	13,250,000.00
Change in Working capital:	-12,190,000.00
Cash from Operating Activities:	48,950,000.00
Capital Expenditures:	-5,170,000.00
Cash from Investing Activities:	-7,760,000.00
Total Cash Dividends Paid:	-23,270,000.00
Issuance (Retirement) of Stock:	320,000.00
Issuance (Retirement) of Debt:	-21,420,000.00
Cash from Financing Activities:	-46,460,000.00

Profitability Margins

Debt to Equity:	1.43%
Return on Assets:	13.24%
Return on Capital:	17.46%
Return on Equity:	17.71%

Technicals	
52 week low:	\$5.62
Today from 52 week low:	10.32%
52 week high:	\$11.10
Today from 52 week high:	79.03%
Analyst/Consensus	
Analyst Sales Growth FY1:	N/A
Analyst Sales Growth FY2:	N/A
SN Valuation Estimate FY1:	0.00%
SN Valuation Estimate FY2:	0.00%
Analyst Earnings Estimate FY1:	N/A
Analyst Earnings Estimate FY2:	N/A
SN Valuation Earnings Est. FY1:	\$1.51
SN Valuation Earnings Est. FY2:	\$1.51

Upper Range	
DCF: EV/EBITDA Terminal Value	
Implied TV from 3 X EV/EBITDA Multiple	\$125,708,400.00
Enterprise Value	\$125,708,400.00
Cash at Year 5:	\$200,478,942.21
Debt at Year 5:	\$1,590,000.00
Equity Value Year 5:	\$324,597,342.21
Equity/Share at Year 5:	\$17.93
Annualized Return:	23.67%

Lower Range	
DCF: Net Tangible Asset excluding Cash/Debt Terminal Value	
Year 5 Net Tangible Assets excluding cash and debt	\$17,030,000.00
Enterprise Value	\$17,030,000.00
Cash at Year 5:	\$200,478,942.21
Debt at Year 5:	\$1,590,000.00
Equity Value Year 5:	\$215,918,942.21
Equity/Share at Year 5:	\$11.93
Annualized Return:	13.98%

EVA

EVA today:	\$126,384,876.46
EVA in 5 Years:	\$181,625,667.37
EVA/Share:	\$10.03
Cash at Year 5:	\$200,478,942.21
Debt at Year 5:	\$1,590,000.00
Equity Value Year 5:	\$380,514,609.57
Equity/Share at Year 5:	\$21.02
Annualized return	7.52%

Current Net Tangible Asset	
Net Tangible Asset/Share:	\$3.41
Net Tangible Asset/Share in Year 5:	\$12.33
Annualized return	29.28%

Current Equity Price:	\$6.20
Selling at Discount?	Premium
Appreciation Potential:	-44.93%

Competitors	
Average EV to EBITDA:	N/A
Company EV to EBITDA:	1.55
Average EV to EBIT:	N/A
Company EV to EBITA:	2.78

SN VALUATION

LBO Pro Forma Income Statement

Name:

Intersections

Ticker:

INTX

	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	346.17	364.14	373.00	349.19	349.19	349.19	349.19	349.19	349.19
COGS	91.08	88.88	110.66	106.83	111.74	111.74	111.74	111.74	111.74
Gross margin	255.09	275.26	262.34	242.36	237.45	237.45	237.45	237.45	237.45
SG&A	237.03	234.09	216.50	193.77	195.55	195.55	195.55	195.55	195.55
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.95	0.00	-1.41	1.80	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: Excluded from COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	17.11	41.17	45.25	46.79	41.90	41.90	41.90	41.90	41.90
Interest income/(expense)	-1.11	-1.68	-0.80	-0.40	0.18	0.18	0.18	0.18	0.18
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	1.36	-0.44	0.28	0.47	0.00	0.00	0.00	0.00	0.00
Income before tax	0.85	24.21	31.86	33.60	42.09	42.09	42.09	42.09	42.09
Tax	0.16	-3.33	13.24	13.90	14.73	14.73	14.73	14.73	14.73
Income after tax	0.69	14.88	18.62	19.70	27.36	27.36	27.36	27.36	27.36
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	0.69	14.88	18.62	19.70	27.36	27.36	27.36	27.36	27.36
* Figures are in millions (\$)									
EPS (based off today's share count)	\$0.04	\$0.82	\$1.03	\$1.09	\$1.51	\$1.51	\$1.51	\$1.51	\$1.51
P/E (historical today's price; forecasted intrinsic price)	162.64	7.54	6.03	5.70	5.09	6.32	7.84	9.72	12.06
Revenue Growth	N/A	5.19%	2.43%	-6.38%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	18.82%	38.54%	41.56%	41.37%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-2.70%	-33.27%	-3.38%	-17.94%	NA	NA	NA	NA	NA
Margins									
COGS	26.31%	24.41%	29.67%	30.59%	32.00%	32.00%	32.00%	32.00%	32.00%
Gross margin	73.69%	75.59%	70.33%	69.41%	68.00%	68.00%	68.00%	68.00%	68.00%
SG&A	68.47%	64.29%	58.58%	55.49%	56.00%	56.00%	56.00%	56.00%	56.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.27%	0.00%	-0.38%	0.52%	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: Excluded from COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	4.94%	11.31%	12.13%	13.40%	12.00%	12.00%	12.00%	12.00%	12.00%
Interest income/(expense)	-0.32%	-0.46%	-0.21%	-0.11%	0.05%	0.05%	0.05%	0.05%	0.05%
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	0.39%	-0.12%	0.08%	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	0.25%	6.65%	8.54%	9.62%	12.05%	12.05%	12.05%	12.05%	12.05%
Tax	0.05%	2.56%	3.55%	3.98%	4.22%	4.22%	4.22%	4.22%	4.22%
Income after tax	0.20%	4.09%	4.99%	5.64%	7.83%	7.83%	7.83%	7.83%	7.83%
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	0.20%	4.09%	4.99%	5.64%	7.83%	7.83%	7.83%	7.83%	7.83%

	As of 2009-12-31	As of 2010-12-31	As of 2011-12-31	As of 2012-12-31	As of 2013-09-30	Adjustment		Adjusted Proforma	2014	2015	2016	2017	2018
						+	-						
Cash	12.39	14.46	30.83	25.56	20.52			20.52	57,36671984	93.27	128.77	164.49	200.48
Short term investment	5.00	4.99	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	17.39	19.45	30.83	25.56	20.52			20.52	57.37	93.27	128.77	164.49	200.48
Accounts Receivable	25.11	19.20	24.79	22.27	23.00			23.00	23.00	23.00	23.00	23.00	23.00
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	25.11	19.20	24.79	22.27	23.00			23.00	23.00	23.00	23.00	23.00	23.00
Total Inventory	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	3.21	5.56	5.25	3.40	4.07			4.07	4.07	4.07	4.07	4.07	4.07
Other Current Assets	36.22	26.21	15.65	10.04	10.66			10.66	10.66	10.66	10.66	10.66	10.66
Current Assets	81.93	70.42	76.52	61.27	58.25	0.00	0.00	58.25	95.09671984	131.00	166.50	202.22	238.21
PP&E, Gross	64.72	66.47	74.84	0.00	75.00			75.00	81.00	87.00	93.00	99.00	105.00
Change in Depreciation	8.29	8.55	9.04	9.71	9.71			9.71	9.71	9.71	9.71	9.71	9.71
Accumulated Depreciation	46.91	44.90	51.03	0.00	52.00			52.00	61.71	71.42	81.13	90.84	100.55
PP&E, Net	17.81	21.57	23.81	0.00	23.00			23.00	19.29	15.58	11.87	8.16	4.45
Goodwill	46.94	43.23	43.23	43.23	44.00	0.00		44.00	44.00	44.00	44.00	44.00	44.00
Intangibles	21.61	14.90	11.07	7.53	8.00			8.00	2.22	-2.62	-7.05	-11.70	-16.63
Long term investments	3.33	4.33	4.33	8.92	8.38			8.38	8.38	8.38	8.38	8.38	8.38
Other long term assets	18.09	8.19	7.53	7.14	7.14			7.14	7.14	7.14	7.14	7.14	7.14
Long Term Assets	107.78	92.22	89.97	66.82	90.52			90.52	81.03	72.48	64.34	55.98	47.34
Total Assets	189.71	162.64	166.49	128.09	148.77	0.00	0.00	148.77	176.13	203.48	230.84	258.19	285.55
Accounts Payable	9.17	5.10	1.53	3.89	4.00			4.00	4.00	4.00	4.00	4.00	4.00
Accrued Expense	20.04	17.06	18.99	15.91	16.00			16.00	16.00	16.00	16.00	16.00	16.00
Other current Liabilities	22.12	16.09	9.94	9.99	7.89			7.89	7.89	7.89	7.89	7.89	7.89
Total Current Liabilities	51.33	38.25	30.46	29.79	27.89	0.00	0.00	27.89	27.89	27.89	27.89	27.89	27.89
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	8.03	1.65	21.35	0.77	0.72			0.72	0.72	0.72	0.72	0.72	0.72
Long term Debt	31.39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Lease Obligations	1.68	3.40	2.30	1.46	0.87			0.87	0.87	0.87	0.87	0.87	0.87
Total Interest Earning Debt	41.10	5.05	23.65	2.23	1.59	0.00	0.00	1.59	1.59	1.59	1.59	1.59	1.59
Deferred Income tax	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
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	3.33	2.78	4.76	4.95	5.49			5.49	5.49	5.49	5.49	5.49	5.49
Total Liabilities	95.76	46.08	58.87	36.97	34.97	0.00	0.00	34.97	34.97	34.97	34.97	34.97	34.97
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	0.19	0.19	0.20	0.21	0.21		0.00	0.21	0.21	0.21	0.21	0.21	0.21
Additional Paid-in capital	104.81	109.25	113.63	119.44	120.00	0.00	0.00	120.00	120.00	120.00	120.00	120.00	120.00
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	2.03	17.06	23.60	20.03	21.00			21.00	48.36	75.71	103.07	130.42	157.78
Treasury Stock	-9.52	-9.95	-29.55	-30.30	-30.00		0.00	-30.00	-30.00	-30.00	-30.00	-30.00	-30.00
Other Equity	-1.10	0.01	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Equity	96.41	116.56	107.88	109.38	111.21	0.00	0.00	111.21	138.57	165.92	193.28	220.63	247.99
Liability + Equity	192.17	162.64	166.75	146.35	146.18	0.00	0.00	146.18	173.54	200.89	228.25	255.60	282.96
Variance	-2.46	0.00	-0.26	-18.26	2.59			2.59	2.59	2.59	2.59	2.59	2.59
Debt/Equity	0.43	0.04	0.22	0.02	0.01			0.01	0.01	0.01	0.01	0.01	0.01
Inventory Turnover	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Inventory Turnover Days	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Days Inventory Outstanding	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable Turnover	13.79	18.97	15.05	15.68	15.18			15.18	15.18	15.18	15.18	15.18	15.18
Accounts Receivable Turnover Days	26.48	19.25	24.26	23.28	24.04			24.04	24.04	24.04	24.04	24.04	24.04
Days Payable Outstanding	36.75	20.94	5.05	13.29	13.07			13.07	13.07	13.07	13.07	13.07	13.07
Days Sales Outstanding	26.48	19.25	24.26	23.28	24.04			23.28	24.04	24.04	24.04	24.04	24.04
Cash Conversion Cycle	-10.27	-1.70	19.21	9.99	10.98			9.61	10.98	10.98	10.98	10.98	10.98
Net tangible assets/share	\$1.54	\$3.23	\$2.96	\$3.24	\$3.27				\$5.10	\$6.88	\$8.64	\$10.41	\$12.19

	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2014	2015	2016	2017	2018
Net Income	-10.73	20.36	18.62	19.70	27.36	27.36	27.36	27.36	27.36
Depreciation	8.29	8.55	9.04	9.71	9.71	9.71	9.71	9.71	9.71
Net Income + Depreciation	-2.44	28.91	27.66	29.41	37.07	37.07	37.07	37.07	37.07
Amortization	9.47	6.72	3.83	3.54	5.78	4.84	4.44	4.65	4.93
Deferred Taxes	1.03	-5.57	3.17	-1.80	0.00	0.00	0.00	0.00	0.00
Non Cash Items	76.79	62.27	43.19	29.99	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-67.49	-44.05	-42.31	-12.19	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	5.91	-5.59	2.52	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-2.35	0.31	1.85	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-4.07	-3.57	2.36	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	17.36	48.28	35.54	48.95	42.85	41.90	41.50	41.71	41.99
Capital Expenditures Expenditures	-7.02	-10.62	-11.54	-5.17	-6.00	-6.00	-6.00	-6.00	-6.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	0.03	11.64	7.96	-2.59	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-6.99	1.02	-3.58	-7.76	-6.00	-6.00	-6.00	-6.00	-6.00
Financing Cash flow items	-0.76	-1.62	-3.13	-2.08	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	-5.33	-12.08	-23.27	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.00	-0.06	-18.67	0.32	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	-7.80	-40.25	18.29	-21.42	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-8.56	-47.26	-15.59	-46.45	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	-0.18	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	10.76	12.39	14.45	30.83	20.52	57.37	93.27	128.77	164.49
Net Change in Cash	1.63	2.06	16.38	-5.28	36.85	35.90	35.50	35.71	35.99
Ending Cash Balance	12.39	14.45	30.83	25.55	57.37	93.27	128.77	164.49	200.48
Capex to Revenue	2.03%	2.92%	3.09%	1.48%	1.72%	1.72%	1.72%	1.72%	1.72%
Depreciation to Sales	2.39%	2.35%	2.42%	2.78%	2.78%	2.78%	2.78%	2.78%	2.78%
Amortization to Sales	2.74%	1.85%	1.03%	1.01%	1.66%	1.39%	1.27%	1.33%	1.41%
A/R to Sales	7.25%	5.27%	6.65%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%
Distributable FCF/EV Yield	11.12%	52.85%	34.26%	44.15%	39.50%	38.49%	38.06%	38.28%	38.58%
Dividend Yield	0.00%	-4.75%	-10.76%	-20.74%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	10.34	42.99	36.08	67.05	36.85	35.90	35.50	35.71	35.99

SN VALUATION

LBO Debt Schedule

Ticker:

INTX

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	-5.28	36.85	35.90	35.50	35.71	35.99
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	0.72	0.72	0.72	0.72	0.72	0.72
Current Portion Debt Balance	0.72	0.72	0.72	0.72	0.72	0.72
Long Term Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		7.00%	7.00%	7.00%	7.00%	7.00%
Interest Rate		10.00%	10.00%	10.00%	10.00%	10.00%
Interest Expense		0.07	0.07	0.07	0.07	0.07
Cash Balance		25.56				
Interest @ 1.0%		0.26	0.26	0.26	0.26	0.26
Net Interest Expense/(Income)		(0.18)	(0.18)	(0.18)	(0.18)	(0.18)
Net Interest Rate		N/A	N/A	N/A	N/A	N/A
EBITDA		41.90	41.90	41.90	41.90	41.90
EBITDA/Interest Expense Coverage		581.98	581.98	581.98	581.98	581.98

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran

SN VALUATION

Altman Z Score

Company Name:

Intersections

Ticker:

INTX

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	30.60	32.17	46.06	30.36	67.21	103.11	138.61	174.33	210.32
Total Assets	189.71	162.64	166.49	148.77	176.13	203.48	230.84	258.19	285.55
X1	0.16	0.20	0.28	0.20	0.38	0.51	0.60	0.68	0.74
Retained Earnings	2.03	17.06	23.60	21.00	48.36	75.71	103.07	130.42	157.78
Total Assets	189.71	162.64	166.49	148.77	176.13	203.48	230.84	258.19	285.55
X2	0.01	0.10	0.14	0.14	0.27	0.37	0.45	0.51	0.55
EBITDA	17.11	41.17	45.25	46.79	41.90	41.90	41.90	41.90	41.90
Total Assets	189.71	162.64	166.49	148.77	176.13	203.48	230.84	258.19	285.55
X3	0.09	0.25	0.27	0.31	0.24	0.21	0.18	0.16	0.15
Market Value of Equity	112.22	112.22	112.22	112.22	139.24	172.75	214.34	265.94	329.97
Total Liabilities	95.76	46.08	58.87	34.97	34.97	34.97	34.97	34.97	34.97
X4	1.17	2.44	1.91	3.21	3.98	4.94	6.13	7.60	9.44
Net Sales	346.17	364.14	373.00	349.19	349.19	349.19	349.19	349.19	349.19
Total Assets	189.71	162.64	166.49	148.77	176.13	203.48	230.84	258.19	285.55
X5	1.82	2.24	2.24	2.35	1.98	1.72	1.51	1.35	1.22
Altman Z Score	3.03	4.92	4.81	5.75	6.00	6.49	7.14	7.97	9.03

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

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

Year	Present Value	Holding Period					Terminal Value			Sale Price
	0	1	2	3	4	5	6	7	8	TBV at Year 5 + 3 Years FCF
Tangible Book Value	67.21	94.57	121.92	149.28	176.63	203.99				203.99
Annual Change		27.36	27.36	27.36	27.36	27.36				
Annual FCF	43.78	36.85	35.90	35.50	35.71	35.99	35.99	35.99	35.99	107.98
Annual Op. Cash Flow	48.95	42.85	41.90	41.50	41.71	41.99	41.99	41.99	41.99	
Annual PP&E Investment	(5.17)	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	
Today's Tangible Book Value	67.21	83.92	104.79	130.84	163.37	203.99				311.97
Intrinsic Value IRR	24.86%									
Market Price	112.22	137.68	168.92	207.25	254.27	311.97				311.97
Market Price IRR	22.69%									

Debt	50.00%	56.11
Equity	50.00%	56.11
Total	100.00%	112.22

	Present Value	Holding Period					Terminal Value			Sale Price
	Historic	ProForma	1	2	3	4	5			
Book Equity	111.21	56.11	79.70	103.29	126.88	150.47	174.06			
Goodwill	44	45.01	45.01	45.01	45.01	45.01	45.01			
Debt	0	56.11	56.11	56.11	56.11	56.11	56.11			
Debt Interest Rate		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%			
Additional Interest Expense		5.79	5.79	5.79	5.79	5.79	5.79			
Tangible Book Value	67.21	11.10	34.69	58.28	81.87	105.46	129.05			129.05
Annual Change			23.59	23.59	23.59	23.59	23.59			
Annual FCF	43.78		33.08	32.14	31.74	31.95	32.23	32.23	32.23	96.68
Annual Net Income	19.70		23.59	23.59	23.59	23.59	23.59	23.59	23.59	
Annual Op. Cash Flow	48.95		39.08	38.14	37.74	37.95	38.23	38.23	38.23	
Dividend Payments										
Annual PP&E Investment	(5.17)		(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	(6.00)	
Debt Paydown	0.00							0.00	0.00	0.00
Sale Price in Year 5										225.72
Capital Left for Equity Investor										225.72
Dividend Payments										0.00
Total Cash In Flow										225.72
Invested Equity	56.11	74.12	97.92	129.35	170.87	225.72				
IRR	32.10%									

We assume the debt taken on by the investor is now on the Co's books, so the investor has no more liability from the deal.

<u>Value Creation</u>	
TBV Growth (equals sum of NI Year 1-5)	117.95
Cash Flow (Year 6-8)	96.68
Total	214.62

<u>Value Dilution</u>	
Debt	56.11
Goodwill	1.01
Additional Interest	28.97
Total	86.09