

Intrepid Potash (IPI)

Price:	\$13.89
Market Cap:	\$1,052,306,400
Cash:	\$7,610,000
Debt:	\$0
Net Cash:	\$7,610,000
Enterprise Value:	\$1,044,696,400
Shares Outstanding:	75,760,000

Net Tang. Bk Value Incl. Cash, Excl. Goodwill (NTBVIC):	\$905,340,000.00
NTBVIC/Market Downside Recovery:	86.03%
Op. Cash Flow:	\$37,524,011
Implied Years to Fill Gap:	3.92
Today's Equity if 5x Op. CF:	\$1,017,912,032

Net Tang. Book Yr. 5 (Inc. Cash):	\$918,800,525.00
Avg. Year Op. Cash:	\$36,621,290.50
Year 5 Disposition FCF Multiple:	3.0
Year 5 Disposition Price:	\$1,028,664,396.50
Net Tang. Book+ Gain Disposition:	\$1,028,664,396.50
IRR:	-0.45%

Price:	\$13.58
Target Market Cap:	\$1,028,664,397
Target Enterprise Value:	\$1,021,054,397

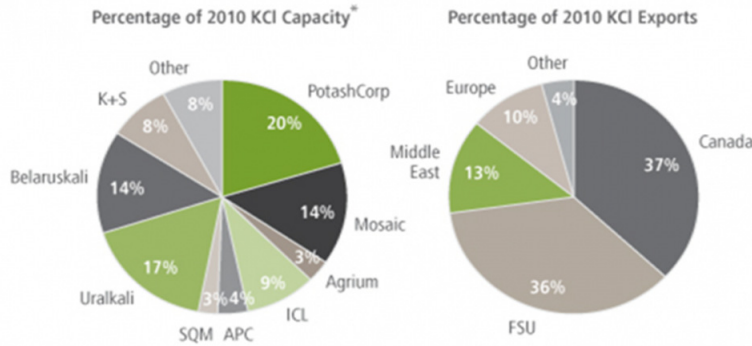
* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

I like saying the word Potash. Its a funny word to say. Potash is used by farmers and is an important ingredient. Anyhoo, this Co's stock tumbled 28% on the back of a change in the potash industry. Uralkali, a Russian based potash producer is pulling away from a joint venture with a Belarusian co., and will increase their output, which will lower prices for global Potash.

The Co. is a smaller player at 1.5% of global production. It is selling at a good valuation. We anticipate further weakness in the stock until the industry adjusts to the news. The Co. is debt free, has \$900MM in asset support, mainly coming from their PP&E, which would include the potash mines.

However, the market price for potash may drop precipitously, from the current \$454 to analyst anticipated \$300/ton. The average cost per ton is \$240. That would reduce GM to 10% from 40%. As such, the value proposition for the stock is not as attractive as the current stock price displays.

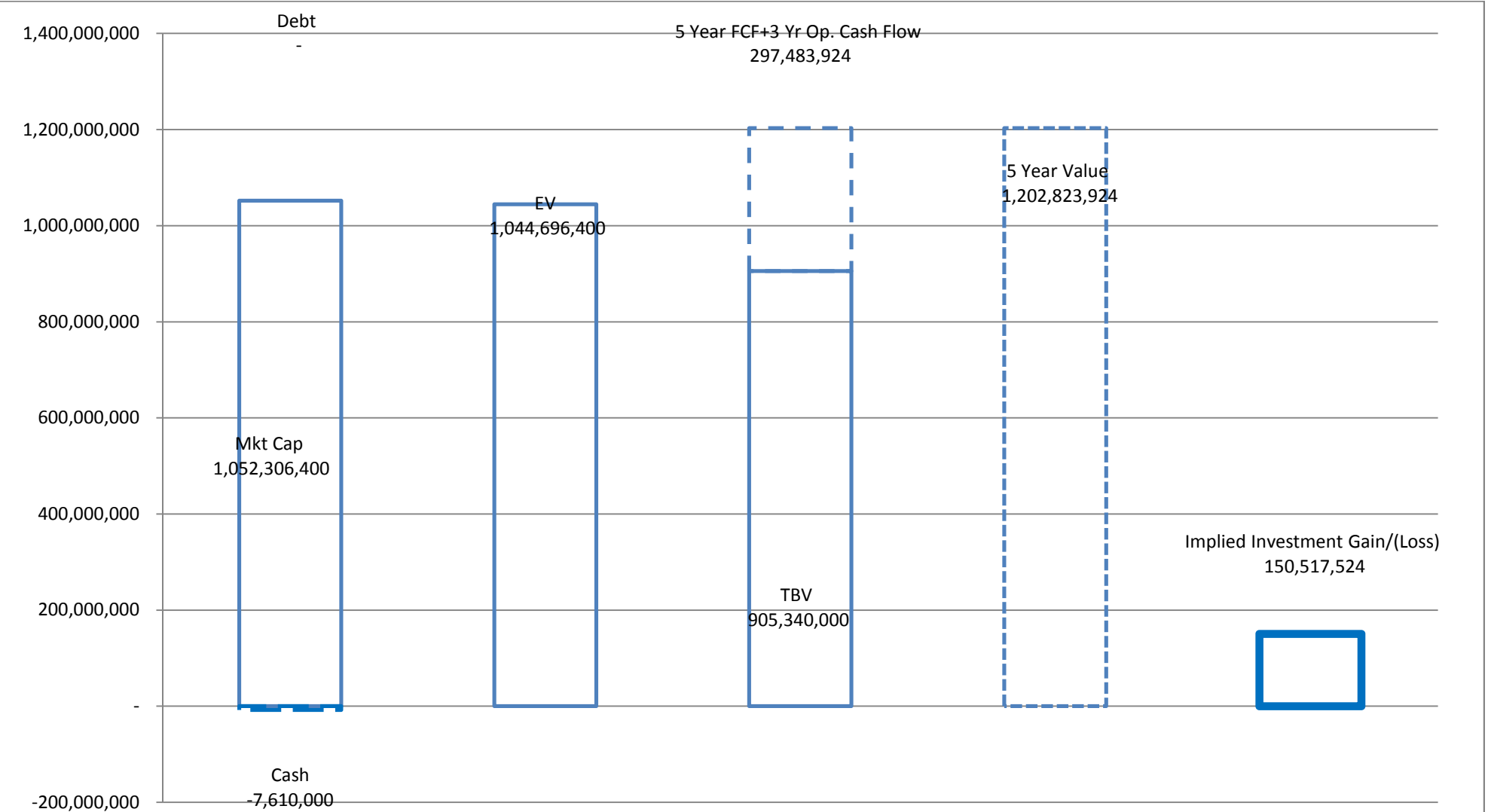
There is minor idiosyncratic risk associated with the news as it is a necessity in the agribusiness. We anticipate further weakness in the stock price, so we will hold off on a purchase.



* Uralkali represents the merged entity of Uralkali and Silvinit
 * PotashCorp investments: ICL (14%), APC (28%), SQM (32%) and Sinofert (22%)
 * Based on nameplate capacity, which may exceed operational capability (estimated annual achievable production level).
 Source: Fertecon, CRU, IFA, PotashCorp

Market Realist[®]

Source: Potash Corp. Online Overview 2011



Intrepid Potash, Inc. was incorporated in the state of Delaware on November 19, 2007, for the purpose of continuing the business of Intrepid Mining LLC. The company and its subsidiaries produce muriate of potash includes MOP, potassium chloride, or potash; langbeinite; and by-products including salt, magnesium chloride and metal recovery salts. The Company markets its langbeinite under the registered name of Trio(r). Potassium is one of the three main nutrients essential to plant formation and growth. Since 2005, the Company has supplied, on average, approximately 1.5 percent of world potassium consumption and 9.3 percent of U.S. consumption annually. It owns five active potash production facilities-three in New Mexico and two in Utah and has the nameplate capacity to produce 870,000 short tons of potash and 270,000 short tons of langbeinite annually. Production comes from two underground mines in the Carlsbad region of New Mexico; a solar evaporation solution mine near Moab, Utah; and a solar evaporation shallow brine mine in Wendover, Utah. The Company owns two development assets in New Mexico- the HB mine, which is an idled potash mine that the Company is in the process of reopening as a solution mine that would utilize solar evaporation techniques in the production of potash, and the North Mine, which was operated as a traditional underground mine until the early 1980s. The Company's potash is marketed for sale into three main markets which are the agricultural market as a fertilizer, the industrial market as a component in drilling and fracturing fluids for oil and gas drilling, and the animal feed market as a nutrient. Its regional markets include agricultural areas, feed manufacturers and pet food producers west of the Mississippi River and oil and gas exploration areas in the Rocky Mountains and the Permian Basin. The Company sells into commodity markets and compete based on delivered price, timely service and quality product. Products must maintain particle size and K2O content benchmarks to compete effectively. It competes mainly with potash producers, mainly Canadian producers and, to a lesser extent, producers located in the former Soviet Union. The Company mines and processes potash and potash-related products which subjects it to an evolving set of federal, state and local environmental, health and safety laws that regulate, or propose to regulate: product content and labeling; conduct of mining and production operations, including safety procedures followed by employees; management and handling of raw materials; air and water quality impacts from its facilities; disposal, storage and management of hazardous and solid wastes; remediation of contamination at its facilities; and post-mining land reclamation.

Company Name:		Intrepid Potash		Market Capitalization:		\$1,052,306,400.00		Revenue:		\$392,650,000.00		100.0%	
Ticker Symbol:	IPI	Total Debt:	\$0.00	Cost of Goods Sold:	\$222,510,000.00	56.7%		Gross Profit:	\$170,140,000.00	43.3%		EBITDA:	
Last Price:	\$13.89	Enterprise Value:	\$1,044,696,400.00	Net Income:	\$81,740,000.00	20.8%		Net Income:					
Net Cash/Share:	\$0.10	Current EV/Share:	\$13.79										
Net Cash to Last Price:	0.72%	EBITDA:	\$183,010,000.00										
Shares Outstanding:	75,760,000	EV/EBITDA Multiple:	5.71										
Industry:	Agricultural Inputs	EV/EBITDA Multiple Average Year 1-5:	27.86										
Sector:	Basic Materials	EV/FCF Multiple (excluding acquisition):	-17.83										
Institutional Ownership:	6.74%	EV/FCF Multiple Average Year 1-5 (excluding acquisition):	28.53										
Mutual Fund Ownership:	41.51%												
Insider Ownership:	0.64%												
Float:	72.00%												
Upper Range													
DCF: EV/EBITDA Terminal Value													
		Implied TV from 3 X EV/EBITDA Multiple	\$9,651,000.00										
		Enterprise Value	\$9,651,000.00										
		Cash at Year 5:	\$190,716,452.50										
		Debt at Year 5:	\$0.00										
		Equity Value Year 5:	\$200,367,452.50										
		Equity/Share at Year 5:	\$2.64										
		Annualized Return:	-28.23%										
Lower Range													
DCF: Net Tangible Asset excluding Cash/Debt Terminal Value													
		Year 5 Net Tangible Assets excluding cash and debt	\$885,990,000.00										
		Enterprise Value	\$885,990,000.00										
		Cash at Year 5:	\$190,716,452.50										
		Debt at Year 5:	\$0.00										
		Equity Value Year 5:	\$1,076,706,452.50										
		Equity/Share at Year 5:	\$14.21										
		Annualized Return:	0.46%										
EVA													
		EVA today:	\$892,221,966.83										
		EVA in 5 Years:	\$507,324,536.16										
		EVA/Share:	\$6.70										
		Cash at Year 5:	\$190,716,452.50										
		Debt at Year 5:	\$0.00										
		Equity Value Year 5:	\$698,040,988.66										
		Equity/Share at Year 5:	\$9.21										
		Annualized return	-10.68%										
Current Net Tangible Asset													
		Net Tangible Asset/Share:	\$11.83										
		Net Tangible Asset/Share in Year 5:	\$12.01										
		Annualized return	0.30%										
		Current Equity Price:	\$13.89										
		Selling at Discount?	Premium										
		Appreciation Potential:	-14.82%										
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Income Statement

Revenue:	\$392,650,000.00	100.0%
Cost of Goods Sold:	\$222,510,000.00	56.7%
Gross Profit:	\$170,140,000.00	43.3%
EBITDA:	\$176,850,000.00	45.0%
Net Income:	\$81,740,000.00	20.8%

Balance Sheet

Cash:	\$5,110,000.00
Short Term Investment:	\$2,500,000.00
A/R:	\$32,000,000.00
PP&E:	\$688,000,000.00
Assets:	\$982,600,000.00

A/P:	\$20,000,000.00
Deferred Tax:	\$0.00
Other Liabilities:	\$66,250,000.00
Short term Debt:	\$0.00
Long Term Debt:	\$0.00
Liabilities:	\$86,250,000.00
Retained Earnings:	\$339,000,000.00
Paid-In Capital:	\$568,070,000.00
Treasury Stock:	\$0.00
Stockholder's Equity:	\$905,340,000.00

Cash Flow

Net Income:	87,440,000.00
Depreciation/Amortization:	47,600,000.00
Change in Working capital:	6,890,000.00
Cash from Operating Activities:	187,830,000.00
Capital Expenditures:	-246,410,000.00
Cash from Investing Activities:	-170,180,000.00
Total Cash Dividends Paid:	-56,470,000.00
Issuance (Retirement) of Stock:	30,000.00
Issuance (Retirement) of Debt:	0.00
Cash from Financing Activities:	-57,400,000.00

Profitability Margins

Debt to Equity:	0.00%
Return on Assets:	8.90%
Return on Capital:	9.66%
Return on Equity:	9.66%

Competitors

Average EV to EBITDA:	N/A
Company EV to EBITDA:	5.71
Average EV to EBIT:	N/A
Company EV to EBITA:	7.72

SN VALUATION

LBO Pro Forma Income Statement

Name:

Intrepid Potash

Ticker:

IPI

	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
Potash Sales (in Tonnage)		810,000	793,000	839,000	839,000	839,000	839,000	839,000	839,000
Price/Tonnage		363	472	450	300	300	300	300	300
Cost/Tonnage		223	223	240	240	240	240	240	240
Revenue	301.80	359.30	442.95	451.32	321.70	321.70	321.70	321.70	321.70
COGS	179.69	253.23	256.73	281.18	281.36	283.10	283.10	283.10	283.10
Gross margin	122.11	106.07	186.22	170.14	40.34	38.60	38.60	38.60	38.60
SG&A	29.05	29.83	32.56	34.47	35.39	35.39	35.39	35.39	35.39
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.01	0.00	-12.50	0.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.64	0.91	-7.71	0.26	0.00	0.00	0.00	0.00	0.00
Depreciation is: Included within COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	92.41	75.33	173.87	135.41	4.95	3.22	3.22	3.22	3.22
Interest income/(expense)	-0.64	-0.69	0.86	0.94	0.58	0.58	0.58	0.58	0.58
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	0.48	0.40	0.52	0.59	0.00	0.00	0.00	0.00	0.00
Income before tax	92.25	75.04	175.26	136.93	5.53	3.79	3.79	3.79	3.79
Tax	36.91	29.76	65.85	49.49	1.94	1.33	1.33	1.33	1.33
Income after tax	55.34	45.28	109.41	87.44	3.59	2.47	2.47	2.47	2.47
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	55.34	45.28	109.41	87.44	3.59	2.47	2.47	2.47	2.47
*Figures are in millions (\$)									
EPS (based off today's share count)	\$0.73	\$0.60	\$1.44	\$1.15	\$0.05	\$0.03	\$0.03	\$0.03	\$0.03
P/E (historical today's price; forecasted intrinsic price)	19.02	23.24	9.62	12.03	291.40	422.79	420.88	418.97	417.07
Revenue Growth	N/A	19.05%	23.28%	1.89%	-28.72%	0.00%	0.00%	0.00%	0.00%
Tax Rate	40.01%	39.66%	37.57%	36.14%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Margins									
COGS	59.54%	70.48%	57.96%	62.30%	87.46%	88.00%	88.00%	88.00%	88.00%
Gross margin	40.46%	29.52%	42.04%	37.70%	12.54%	12.00%	12.00%	12.00%	12.00%
SG&A	9.83%	8.30%	7.35%	7.64%	11.00%	11.00%	11.00%	11.00%	11.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.00%	0.00%	-2.82%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.21%	0.25%	-1.74%	0.06%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Included within COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	30.62%	20.97%	39.25%	30.00%	1.54%	1.00%	1.00%	1.00%	1.00%
Interest income/(expense)	-0.21%	-0.19%	0.19%	0.21%	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	0.16%	0.11%	0.12%	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	30.57%	20.89%	39.57%	30.34%	1.72%	1.18%	1.18%	1.18%	1.18%
Tax	12.23%	8.28%	14.87%	10.97%	0.60%	0.41%	0.41%	0.41%	0.41%
Income after tax	18.34%	12.60%	24.70%	19.37%	1.12%	0.77%	0.77%	0.77%	0.77%
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	18.34%	12.60%	24.70%	19.37%	1.12%	0.77%	0.77%	0.77%	0.77%

	As of 2009-12-31	As of 2010-12-31	As of 2011-12-31	As of 2012-12-31	As of 2013-03-31	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	89.80	76.13	73.37	33.62	5.11			5.11	42.83	79.03	115.43	151.82	188.22
Short term investment	11.15	45.56	97.24	24.13	2.50			2.50	2.50	2.50	2.50	2.50	2.50
Cash and Short term	100.95	121.69	170.61	57.75	7.61			7.61	45.33	81.53	117.93	154.32	190.72
Accounts Receivable	19.17	23.77	29.30	31.51	32.00			32.00	32.00	32.00	32.00	32.00	32.00
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	19.17	23.77	29.30	31.51	32.00			32.00	32.00	32.00	32.00	32.00	32.00
Total Inventory	61.95	48.09	55.39	53.27	61.20			61.20	61.20	61.20	61.20	61.20	61.20
Prepaid Expenses	2.63	4.02	5.01	5.39	4.68			4.68	4.68	4.68	4.68	4.68	4.68
Other Current Assets	9.81	3.55	4.93	2.00	3.90			3.90	3.90	3.90	3.90	3.90	3.90
Current Assets	194.51	201.12	265.24	149.92	109.39	0.00	0.00	109.39	146.91	183.31	219.71	256.10	292.50
PP&E, Gross	304.29	395.34	529.33	853.89	854.00			854.00	854.00	854.00	854.00	854.00	854.00
Change in Depreciation	17.33	27.71	35.79	47.60	47.60			47.60	33.93	33.93	33.93	33.93	33.93
Accumulated Depreciation	48.96	75.05	108.43	166.18	166.00			166.00	199.93	233.86	267.79	301.72	335.65
PP&E, Net	255.33	320.29	420.90	687.71	688.00			688.00	654.07	620.14	586.21	552.28	518.35
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	6.19	21.30	6.18	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	303.13	278.47	229.14	195.00	185.21			185.21	185.21	185.21	185.21	185.21	185.21
Long Term Assets	564.65	620.06	656.22	882.71	873.21			873.21	805.35	771.42	771.42	737.49	703.56
Total Assets	759.16	821.18	921.46	1,032.63	982.60	0.00	0.00	982.60	986.19	988.66	991.13	993.59	996.06
Accounts Payable	13.65	18.08	21.03	19.63	20.00			20.00	20.00	20.00	20.00	20.00	20.00
Accrued Expense	19.43	25.75	27.16	44.18	45.00			45.00	45.00	45.00	45.00	45.00	45.00
Other current Liabilities	2.85	1.58	1.48	3.58	1.65			1.65	1.65	1.65	1.65	1.65	1.65
Total Current Liabilities	35.93	45.41	49.67	67.39	66.65	0.00	0.00	66.65	66.65	66.65	66.65	66.65	66.65
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	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	0.00	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	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	23.84	25.64	12.06	21.50	19.60			19.60	19.60	19.60	19.60	19.60	19.60
Total Liabilities	59.77	71.05	61.73	88.89	86.25	0.00	0.00	86.25	86.25	86.25	86.25	86.25	86.25
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	0.07	0.07	0.07	0.07	0.07		0.00	0.07	0.07	0.07	0.07	0.07	0.07
Additional Paid-in capital	556.33	559.67	564.28	568.38	568.00	0.00	0.00	568.00	568.00	568.00	568.00	568.00	568.00
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	153.51	198.79	308.20	339.01	339.00		0.00	339.00	342.59	345.06	347.53	349.99	352.46
Treasury Stock	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	-0.69	-0.70	-1.43	-1.73	-1.73		0.00	-1.73	-1.73	-1.73	-1.73	-1.73	-1.73
Total Equity	709.22	757.83	871.12	905.73	905.34	0.00	0.00	905.34	908.93	911.40	913.87	916.33	918.80
Liability + Equity	768.99	828.88	932.85	994.62	991.59	0.00	0.00	991.59	995.18	997.65	1,000.12	1,002.58	1,005.05
Variance	-9.83	-7.70	-11.39	38.01	-8.99			-8.99	-8.99	-8.99	-8.99	-8.99	-8.99
Debt/Equity	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Inventory Turnover	4.87	7.47	8.00	8.47	5.26			7.37	5.26	5.26	5.26	5.26	5.26
Inventory Turnover Days	74.92	48.85	45.64	43.08	69.44			49.49	69.44	69.44	69.44	69.44	69.44
Days Inventory Outstanding	125.84	69.32	78.75	69.15	79.39			79.44	79.39	78.91	78.91	78.91	78.91
Accounts Receivable Turnover	15.74	15.12	15.12	14.32	10.05			14.10	10.05	10.05	10.05	10.05	10.05
Accounts Receivable Turnover Days	23.18	24.15	24.14	25.48	36.31			25.88	36.31	36.31	36.31	36.31	36.31
Days Payable Outstanding	27.73	26.06	29.90	25.48	25.95			25.96	25.95	25.79	25.79	25.79	25.79
Days Sales Outstanding	23.18	24.15	24.14	25.48	36.31			25.48	25.88	36.31	36.31	36.31	36.31
Cash Conversion Cycle	121.30	67.40	72.99	69.15	89.75			78.97	79.33	89.43	89.43	89.43	89.43
Net tangible assets/share	\$9.36	\$10.00	\$11.50	\$11.96	\$11.95				\$12.00	\$12.03	\$12.06	\$12.10	\$12.13

	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	55.34	45.28	109.41	87.44	3.59	2.47	2.47	2.47	2.47
Depreciation	17.33	27.71	35.79	47.60	33.93	33.93	33.93	33.93	33.93
Net Income + Depreciation	72.67	72.99	145.20	135.04	37.52	36.40	36.40	36.40	36.40
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	29.06	30.66	49.03	38.01	0.00	0.00	0.00	0.00	0.00
Non Cash Items	1.98	4.41	-6.29	7.89	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-22.65	15.22	-14.07	6.89	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-4.60	-5.53	-2.21	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	13.86	-7.30	2.12	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-1.39	-0.99	-0.38	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	4.43	2.95	-1.40	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	81.06	123.28	173.87	187.83	37.52	36.40	36.40	36.40	36.40
Capital Expenditures Expenditures	-101.42	-88.39	-137.11	-246.41	0.00	0.00	0.00	0.00	0.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-5.11	-47.89	-37.69	76.22	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-106.53	-136.28	-174.80	-170.19	0.00	0.00	0.00	0.00	0.00
Financing Cash flow items	-1.32	-0.77	-2.16	-0.96	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	-56.47	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.00	0.10	0.33	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-1.32	-0.67	-1.83	-57.40	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	116.57	89.79	76.13	73.37	5.11	42.63	79.03	115.43	151.82
Net Change in Cash	-26.78	-13.66	-2.76	-39.75	37.52	36.40	36.40	36.40	36.40
Ending Cash Balance	89.79	76.13	73.37	33.62	42.63	79.03	115.43	151.82	188.22
Capex to Revenue	33.61%	24.60%	30.95%	54.60%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation to Sales	5.74%	7.71%	8.08%	10.55%	10.55%	10.55%	10.55%	10.55%	10.55%
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	6.35%	6.62%	6.61%	6.98%	9.79%	9.79%	9.79%	9.79%	9.79%
Distributable FCF/EV Yield	-2.44%	-1.24%	-0.09%	1.69%	3.59%	3.48%	3.48%	3.48%	3.48%
Dividend Yield	0.00%	0.00%	0.00%	-5.37%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	-20.36	34.89	36.76	-2.11	37.52	36.40	36.40	36.40	36.40

SN VALUATION

LBO Debt Schedule

Ticker:

IPI

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	-39.75	37.52	36.40	36.40	36.40	36.40
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	0.00	0.00	0.00	0.00	0.00	0.00
Current Portion Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Forward Libor Curve		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		0.00	0.00	0.00	0.00	0.00
Cash Balance		57.75				
Interest @ 1.0%		0.58	0.58	0.58	0.58	0.58
Net Interest Expense/(Income)		(0.58)	(0.58)	(0.58)	(0.58)	(0.58)
Net Interest Rate		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
EBITDA		4.95	3.22	3.22	3.22	3.22
EBITDA/Interest Expense Coverage		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Interest Rate Coverage Table

Debt Rating					
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:

Intrepid Potash

Ticker:

IPI

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	158.58	155.71	215.57	42.74	80.26	116.66	153.06	189.45	225.85
Total Assets	759.16	821.18	921.46	982.60	986.19	988.66	991.13	993.59	996.06
X1	0.21	0.19	0.23	0.04	0.08	0.12	0.15	0.19	0.23
Retained Earnings	153.51	198.79	308.20	339.00	342.59	345.06	347.53	349.99	352.46
Total Assets	759.16	821.18	921.46	982.60	986.19	988.66	991.13	993.59	996.06
X2	0.20	0.24	0.33	0.35	0.35	0.35	0.35	0.35	0.35
EBITDA	92.41	75.33	173.87	135.41	4.95	3.22	3.22	3.22	3.22
Total Assets	759.16	821.18	921.46	982.60	986.19	988.66	991.13	993.59	996.06
X3	0.12	0.09	0.19	0.14	0.01	0.00	0.00	0.00	0.00
Market Value of Equity	1,052.31	1,052.31	1,052.31	1,052.31	1,047.53	1,042.79	1,038.06	1,033.35	1,028.66
Total Liabilities	59.77	71.05	61.73	86.25	86.25	86.25	86.25	86.25	86.25
X4	17.61	14.81	17.05	12.20	12.15	12.09	12.04	11.98	11.93
Net Sales	301.80	359.30	442.95	451.32	321.70	321.70	321.70	321.70	321.70
Total Assets	759.16	821.18	921.46	982.60	986.19	988.66	991.13	993.59	996.06
X5	0.40	0.44	0.48	0.46	0.33	0.33	0.32	0.32	0.32
Altman Z Score	11.90	10.19	12.08	8.77	8.21	8.22	8.23	8.24	8.26

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

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	905.34	908.93	911.40	913.87	916.33	918.80				918.80
Annual Change		3.59	2.47	2.47	2.47	2.47				
Annual FCF	(58.58)	37.52	36.40	36.40	36.40	36.40	36.62	36.62	36.62	109.86
Annual Op. Cash Flow	187.83	37.52	36.40	36.40	36.40	36.40	36.62	36.62	36.62	
Annual PP&E Investment	(246.41)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Today's Tangible Book Value	905.34	908.02	910.70	913.39	916.09	918.80				1,028.66
Intrinsic Value IRR	0.30%									
Market Price	1,052.31	1,047.53	1,042.79	1,038.06	1,033.35	1,028.66				1,028.66
Market Price IRR	-0.45%									

Debt	50.00%	526.15
Equity	50.00%	526.15
Total	100.00%	1,052.31

	Present Value	Holding Period					Terminal Value			Sale Price	
	Historic	ProForma	1	2	3	4	5	6	7	8	
Book Equity	905.34	526.15	494.28	460.66	427.05	393.43	359.82				
Goodwill	0	146.97	146.97	146.97	146.97	146.97	146.97				
Debt	0	526.15	526.15	526.15	526.15	526.15	526.15				
Debt Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%				
Additional Interest Expense		37.41	37.41	37.41	37.41	37.41					
Tangible Book Value	905.34	379.19	347.31	313.70	280.08	246.47	212.85				212.85
Annual Change		-31.88	-33.61	-33.61	-33.61	-33.61	-33.61				
Annual FCF	(58.58)	2.05	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.95
Annual Net Income	87.44	(31.88)	(33.61)	(33.61)	(33.61)	(33.61)	(33.61)	(33.61)	(33.61)	(33.61)	
Annual Op. Cash Flow	187.83	2.05	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	
Dividend Payments											
Annual PP&E Investment	(246.41)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Debt Paydown	0.00										
Sale Price in Year 5											213.80
Capital Left for Equity Investor											213.80
Dividend Payments											0.00
Total Cash In Flow											213.80
Invested Equity	526.15	439.43	367.00	306.51	255.99	213.80					
IRR	-16.48%										

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)	-166.33
Cash Flow (Year 6-8)	0.95
	-165.39

<u>Value Dilution</u>	
Debt	526.15
Goodwill	146.97
Additional Interest	187.04
	860.16