

January 25, 2012

SN VALUATION [Stocks, Real Estate, Bonds]

Analyst: Sung Nam

J Alexanders Corp (JAX)

Price:	\$6.66	Price/Book:	0.82	EV/EBITDA 5x TV:	\$3.92
Market Cap:	\$39,893,399	Price/Earnings:	39.50	Net Tangible Asset TV:	\$10.38
Cash:	\$8,600,000	EV/EBITA:	3.55	SN Defined TV:	\$6.22
Debt:	\$19,520,000	EV/FCF:	5.38	Economic Value Added:	\$14.99
Net Cash:	-\$10,920,000	Net Tang. Asset/Share:	\$8.10	Year 5 Target:	\$8.88
Enterprise Value:	\$50,813,399	FCF/Share:	\$1.58	Appreciation:	33.293%

Overview

We are including the watchlist.

Dividend?

Dividend yield is 0.00%.

Price to Book

Price to book is 0.82. Price to book excluding goodwill is 0.82.

Cashflow Generation

Cashflows are \$5 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 \$3 MM.

1.5% EBITA margin and FCF yield is 5.4%.

The company has \$8.6 MM in cash/short term investment and \$19.5 MM in debt.

We are projecting a \$0.0 MM paydown annually.

Profitability

ROA is 3.1%, and ROC is 5.8%.

Bankruptcy Risk

Altman Z is at 2.1.

LBO?

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

Price

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Economic Indicators

Indicators	Period	Value	Previous Value	Chg %	Released
Adjusted National Financial Conditions Index	Jan 6 2012	-0.25	-0.25	-1.87%	-0.0215
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 7 2012	3580	3613.971331	-0.94%	-0.1227
US Average Initial Claims for Unemployment Insurance	Jan 14 2012	379.00K	N/A	-0.92%	-0.0987
US Industrial Production Index	Nov 2011	94.83	95.04	-0.22%	0.0374
US Initial Claims for Unemployment Insurance	Jan 14 2012	352.00K	N/A	-12.44%	-0.1945
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	2.05%
US Producer Price Index	192.6
US Initial Claims for Unemployment Insurance	352.00K
US 30 Year Mortgage Rate	3.88%
US Average Claims for Unemployment Insurance	3,580
US Retail Sales	357,980,000
US Unemployment Rate	0.085
US Durable Goods Orders	207,070,000
US Purchasing Managers Index	53.9
US Personal Consumption Expenditures	10.87T
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

2012-01-25

Altman Z Score

Company Name:

J Alexanders Corp

Ticker:

JAX

Period	2007	2008	2009	2010	2011	2012	2013	2014	2015
Working Capital	-40.33	-52.51	-51.19	-46.65	-44.66	-42.30	-39.55	-36.41	-32.86
Total Assets	104.46	105.57	92.14	90.95	89.61	88.46	87.50	86.73	86.17
X1	-0.39	-0.50	-0.56	-0.51	-0.50	-0.48	-0.45	-0.42	-0.38
Retained Earnings	26.48	26.59	11.25	14.05	12.71	11.56	10.60	9.83	9.27
Total Assets	104.46	105.57	92.14	90.95	89.61	88.46	87.50	86.73	86.17
X2	0.25	0.25	0.12	0.15	0.14	0.13	0.12	0.11	0.11
EBITDA	12.12	6.54	0.37	8.21	6.14	6.32	6.51	6.71	6.91
Total Assets	104.46	105.57	92.14	90.95	89.61	88.46	87.50	86.73	86.17
X3	0.12	0.06	0.00	0.09	0.07	0.07	0.07	0.08	0.08
Market Value of Equity	39.89	39.89	39.89	39.89	42.25	44.75	47.40	50.21	53.18
Total Liabilities	41.86	42.17	46.89	42.43	42.58	42.58	42.58	42.58	42.58
X4	0.95	0.95	0.85	0.94	0.99	1.05	1.11	1.18	1.25
Net Sales	141.27	139.75	144.19	149.02	153.49	158.10	162.84	167.72	172.76
Total Assets	104.46	105.57	92.14	90.95	89.61	88.46	87.50	86.73	86.17
X5	1.35	1.32	1.56	1.64	1.71	1.79	1.86	1.93	2.00
Altman Z Score	2.20	1.85	1.59	2.10	2.13	2.26	2.40	2.55	2.71

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

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

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LBO Analysis

WACC Terminal Value:		Intrinsic Price in 5 Years:	8.88	Non-LBO Forecast	Non-LBO Forecast	Desired Return Rate	20.00%
EV/EBITDA with 3X Multiple Terminal Value:	\$3.92	Market Price:	6.66	Year 1 Target	7.05	Implied Today's Price	3.57
Net Tangible Asset Terminal Value:	\$10.38	LBO Price:	2.56	Year 2 Target	7.47	Overvalued/(Undervalued)	86.68%
EV/EBITDA with Today's Multiple Terminal Value:	\$6.22	Premium to Market Price:	-61.56%	Year 3 Target	7.91		
EVA Enterprise Value:	\$14.99	LBO Price/Intrinsic Price Target:	28.24%	Year 4 Target	8.38		
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	1.35%	Year 5 Target	8.88		
Average (Excluding Dividend Discount):	\$8.88	Implied IRR at today's EV/EBITDA:	-1.35%	Implied IRR (Market Price):	5.92%		
		5 Year Return:	33.29%				

Current Evaluation				Exit Evaluation			
Current Market Price:	6.66	LBO Price:	2.56	Exit Price:	8.88	Exit Price:	6.22
Outstanding Shares:	5,990,000	Outstanding Shares:	5,990,000	Outstanding Shares:	5,990,000	Outstanding Shares:	5,990,000
Market Capitalization:	39,893,399	Market Capitalization:	15,334,400	Market Capitalization:	53,175,189	Market Capitalization:	37,275,647
Available Cash:	8,600,000	Available Cash:	8,600,000	Available Cash:	22,394,643	Available Cash:	22,394,643
Debt:	19,520,000	Debt:	19,520,000	Debt:	19,670,000	Debt:	19,670,000
Net Cash:	-10,920,000	Net Cash:	-10,920,000	Net Cash:	2,724,643	Net Cash:	2,724,643
Enterprise Value:	50,813,399	Enterprise Value:	26,254,400	Enterprise Value:	50,450,546	Enterprise Value:	34,551,005
Original EV/EBITDA:	22.48	EV/EBITDA:	11.62	EV/EBITDA at 5 Years:	55.43	EV/EBITDA at 5 Years:	5.00
Original EV/EBITDA:	3.55	EV/EBITDA:	3.17	EV/EBITDA at 5 Years:	7.88	EV/EBITDA at 5 Years:	4.39
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:	2.56	2.56	3.28	4.21	5.40	6.92	8.88
Shares Outstanding:	5,990,000	5,990,000	5,990,000	5,990,000	5,990,000	5,990,000	5,990,000
Market Capitalization:	15,334,400	15,334,400	19,664,153	25,216,435	32,336,435	41,466,806	53,175,189
Available Cash:	8,600,000	8,600,000	10,588,028	12,950,821	15,702,404	18,841,964	22,394,643
Debt:	19,520,000	19,520,000	19,670,000	19,670,000	19,670,000	19,670,000	19,670,000
Net Cash:	-10,920,000	-10,920,000	-9,081,972	-6,719,179	-3,967,596	-828,036	2,724,643
Enterprise Value:	26,254,400	26,254,400	28,746,125	31,935,614	36,304,031	42,294,842	50,450,546
EBIT	2,260,000	2,260,000	139,624	323,813	513,527	708,933	910,201
EV/EBIT:	11.62	11.62	205.88	98.62	70.70	59.66	55.43
EBITDA	8,270,000	8,270,000	6,329,924	6,699,822	7,080,816	7,473,241	7,877,438
EV/EBITDA:	3.17	3.17	4.54	4.77	5.13	5.66	6.40

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	2.56	2.56	-1.25	-0.49	0.33	1.24	2.22
Shares Outstanding:	5,990,000	5,990,000	5,990,000	5,990,000	5,990,000	5,990,000	5,990,000
Market Capitalization:	15,334,400	15,334,400	-7,459,961	-2,957,450	1,998,044	7,407,631	13,298,439
Available Cash:	8,600,000	8,600,000	10,588,028	12,950,821	15,702,404	18,841,964	22,394,643
Debt:	19,520,000	19,520,000	19,670,000	19,670,000	19,670,000	19,670,000	19,670,000
Net Cash:	-10,920,000	-10,920,000	-9,081,972	-6,719,179	-3,967,596	-828,036	2,724,643
Enterprise Value:	26,254,400	26,254,400	1,622,011	3,761,730	5,965,640	8,235,667	10,573,796
EBIT	2,260,000	2,260,000	139,624	323,813	513,527	708,933	910,201
EV/EBIT:	11.62	11.62	11.62	11.62	11.62	11.62	11.62
EBITDA	8,270,000	8,270,000	6,329,924	6,699,822	7,080,816	7,473,241	7,877,438
EV/EBITDA:	3.17	3.17	0.26	0.56	0.84	1.10	1.34

LBO Price	2.56	Equity Partners:	34,854,400	Weighting	100.00%	Annualized Return for Equity Partners:	1.35%
Shares Outstanding	5,990,000	Debt Partners:	0		0.00%		
Market Capitalization	15,334,400	Total Funds for LBO:	34,854,400		100.00%		
Debt	19,520,000						
Cash	8,600,000						
Enterprise Value	26,254,400						
Capital Investment	34,854,400						

Book Value	Enterprise Value	Stock Valuation	Debt Reduction
Beginning Book Value	48.54	Current Market Price	Starting Debt
Year 5 Book Value	43.76	Year 5 Market Price	Debt Repayment
Annualized Return	-2.05%	Annualized Return	18.48
			Year 5 Ending Debt
			18.48
			% of Starting Debt
			100.82%

SN VALUATION

LBO Pro Forma Income Statement

Name:

J Alexanders Corp

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	Historical				Forecasted				
	52 weeks ending 2007-12-30	52 weeks ending 2008-12-28	53 weeks ending 2010-01-03	52 weeks ending 2011-01-02	2011	2012	2013	2014	2015
Revenue	141.27	139.75	144.19	149.02	153.49	158.10	162.84	167.72	172.76
COGS	90.90	91.56	96.48	98.56	102.84	105.92	109.10	112.37	115.75
Gross margin	50.37	48.19	47.71	50.46	50.65	52.17	53.74	55.35	57.01
SG&A	10.56	11.59	10.07	9.23	10.74	11.07	11.40	11.74	12.09
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	3.89	0.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	27.69	29.96	33.38	33.02	33.77	34.78	35.82	36.90	38.01
Depreciation is: Included within COGS	5.29	5.93	6.71	5.95	6.00	6.00	6.00	6.00	6.00
Operating Income (EBITA)	6.83	0.61	-6.34	2.26	0.14	0.32	0.51	0.71	0.91
Interest income/(expense)	-1.21	-1.58	-1.96	-1.85	-1.48	-1.48	-1.48	-1.48	-1.48
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	0.07	0.06	0.06	0.03	0.00	0.00	0.00	0.00	0.00
Income before tax	5.69	-0.91	-8.24	0.44	-1.34	-1.15	-0.96	-0.77	-0.57
Tax	1.14	-1.01	-7.10	-2.36	0.00	0.00	0.00	0.00	0.00
Income after tax	4.55	-0.10	-15.34	2.80	-1.34	-1.15	-0.96	-0.77	-0.57
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	4.55	0.10	-15.34	2.80	-1.34	-1.15	-0.96	-0.77	-0.57
*Figures are in millions (\$)									
EPS (based off today's share count)	\$0.76	\$0.02	-\$2.56	\$0.47	-\$0.22	-\$0.19	-\$0.16	-\$0.13	-\$0.09
P/E (historical today's price; forecasted intrinsic price)	8.77	398.93	-2.60	14.25	-31.63	-38.86	-49.27	-65.48	-94.05
Revenue Growth	N/A	-1.08%	3.18%	3.35%	3.00%	3.00%	3.00%	3.00%	3.00%
Tax Rate	20.04%	110.99%	-86.17%	-536.36%	34.00%	34.00%	34.00%	34.00%	34.00%
Implied Debt Interest Rate	-5.43%	-7.40%	-8.37%	-9.48%	-8.05%	-7.98%	-7.98%	-7.98%	-7.98%
Margins									
COGS	64.34%	65.52%	66.91%	66.14%	67.00%	67.00%	67.00%	67.00%	67.00%
Gross margin	35.66%	34.48%	33.09%	33.86%	33.00%	33.00%	33.00%	33.00%	33.00%
SG&A	7.48%	8.36%	6.98%	6.19%	7.00%	7.00%	7.00%	7.00%	7.00%
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%	2.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	19.60%	21.44%	23.15%	22.15%	22.00%	22.00%	22.00%	22.00%	22.00%
Depreciation is: Included within COGS	3.74%	4.24%	4.65%	3.95%	3.91%	3.80%	3.68%	3.58%	3.47%
Operating Income (EBITA)	4.83%	0.44%	-4.40%	1.52%	0.09%	0.20%	0.32%	0.42%	0.53%
Interest income/(expense)	-0.86%	-1.13%	-1.24%	-1.24%	-0.96%	-0.93%	-0.91%	-0.88%	-0.85%
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	0.05%	0.04%	0.04%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	4.03%	-0.65%	-5.71%	0.30%	-0.87%	-0.73%	-0.59%	-0.46%	-0.33%
Tax	0.81%	-0.72%	4.92%	-1.58%	0.00%	0.00%	0.00%	0.00%	0.00%
Income after tax	3.22%	0.07%	-10.64%	1.88%	-0.87%	-0.73%	-0.63%	-0.50%	-0.37%
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	3.22%	0.07%	-10.64%	1.88%	-0.87%	-0.73%	-0.59%	-0.46%	-0.33%

					Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	As of 2007-12-30	As of 2008-12-28	As of 2010-01-03	As of 2011-01-02	+	-						
Cash	11.32	2.50	5.61	8.60			8.60	10.59	12.95	15.70	18.84	22.39
Short term investment	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	11.32	2.50	5.61	8.60			8.60	10.59	12.95	15.70	18.84	22.39
Accounts Receivable	3.37	3.87	3.41	2.70			2.70	2.70	2.70	2.70	2.70	2.70
Other receivables	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	3.37	3.87	3.41	2.70			2.70	2.70	2.70	2.70	2.70	2.70
Deferred Income Tax	-45.71	-50.88	-49.43	-48.52			-48.52	-48.52	-48.52	-48.52	-48.52	-48.52
Total Inventory	1.30	1.37	1.29	1.26			1.26	1.26	1.26	1.26	1.26	1.26
Prepaid Expenses	1.48	1.60	1.50	1.35			1.35	1.35	1.35	1.35	1.35	1.35
Other Current Assets	1.05	1.10	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current Assets	-27.19	-40.44	-37.62	-34.61	0.00	0.00	-34.61	-32.62	-30.26	-27.51	-24.37	-20.82
PP&E, Gross	124.25	137.43	134.13	136.01			136.01	139.01	142.01	145.01	148.01	151.01
Change in Depreciation	5.36	5.99	6.78	6.01			6.01	6.19	6.38	6.57	6.76	6.97
Accumulated Depreciation	0.00	0.00	6.78	12.79			12.79	18.98	25.36	31.92	38.69	45.66
PP&E, Net	124.25	137.43	127.35	123.22			123.22	120.03	116.65	113.09	109.32	105.35
Goodwill	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	0.00	0.00	0.00	0.00			0.00	-0.13	-0.27	-0.42	-0.56	-0.71
Long term investments	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	7.40	8.58	2.41	2.34			2.34	2.34	2.34	2.34	2.34	2.34
Long Term Assets	131.65	146.01	129.76	125.56	0.00	0.00	125.56	122.24	118.72	115.01	111.10	106.98
Total Assets	104.46	105.57	92.14	90.95	0.00	0.00	90.95	89.61	88.46	87.50	86.73	86.17
Accounts Payable	5.88	6.14	5.96	4.36			4.36	4.36	4.36	4.36	4.36	4.36
Accrued Expense	5.01	3.95	5.86	5.82			5.82	5.82	5.82	5.82	5.82	5.82
Other current Liabilities	2.25	1.98	1.75	1.86			1.86	1.86	1.86	1.86	1.86	1.86
Total Current Liabilities	13.14	12.07	13.57	12.04	0.00	0.00	12.04	12.04	12.04	12.04	12.04	12.04
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
Current port. Of LT Debt/Capital Leases	0.95	0.95	1.62	1.04			1.04	1.04	1.04	1.04	1.04	1.04
Long term Debt	21.11	20.18	21.61	18.33	0.00	0.00	18.33	18.48	18.48	18.48	18.48	18.48
Capital Lease Obligations	0.23	0.22	0.19	0.15			0.15	0.15	0.15	0.15	0.15	0.15
Total Interest Earning Debt	22.29	21.35	23.42	19.52	0.00	0.00	19.52	19.67	19.67	19.67	19.67	19.67
Deferred Income tax	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
Other liabilities	6.43	8.75	9.90	10.87			10.87	10.87	10.87	10.87	10.87	10.87
Total Liabilities	41.86	42.17	46.89	42.43	0.00	0.00	42.43	42.58	42.58	42.58	42.58	42.58
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	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	0.33	0.34	0.30	0.30		0.00	0.30	0.30	0.30	0.30	0.30	0.30
Additional Paid-in capital	35.76	36.47	33.70	34.19	0.00	0.00	34.19	34.19	34.19	34.19	34.19	34.19
Dividends Paid	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	26.48	26.59	11.25	14.05		0.00	14.05	12.71	11.56	10.60	9.83	9.27
Treasury Stock	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Equity	62.57	63.40	45.25	48.54	0.00	0.00	48.54	47.20	46.05	45.09	44.32	43.76
Liability + Equity	104.43	105.57	92.14	90.97	0.00	0.00	90.97	89.78	88.63	87.67	86.90	86.34
Variance	0.03	0.00	0.00	-0.02			-0.02	-0.17	-0.17	-0.17	-0.17	-0.17
Debt/Equity	0.36	0.34	0.52	0.40			0.40	0.42	0.43	0.44	0.44	0.45
Inventory Turnover	108.67	102.01	111.78	118.27			118.27	121.82	125.47	129.24	133.11	137.11
Inventory Turnover Days	3.36	3.58	3.27	3.09			3.09	3.00	2.91	2.82	2.74	2.66
Days Inventory Outstanding	5.22	5.46	4.88	4.67			4.67	4.47	4.34	4.22	4.09	3.97
Accounts Receivable Turnover	41.92	36.11	42.28	55.19			55.19	56.85	58.55	60.31	62.12	63.98
Accounts Receivable Turnover Days	8.71	10.11	8.63	6.61			6.61	6.42	6.23	6.05	5.88	5.70
Days Payable Outstanding	23.61	24.48	22.55	16.15			16.15	15.47	15.02	14.59	14.16	13.75
Days Sales Outstanding	8.71	10.11	8.63	6.61			6.61	6.61	6.42	6.23	6.05	5.88
Cash Conversion Cycle	-9.68	-8.91	-9.04	-4.87			-4.87	-4.39	-4.26	-4.14	-4.02	-3.90

SN VALUATION

LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	2.99	1.99	2.36	2.75	3.14	3.55
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	19.52	19.52	19.52	19.52	19.52	19.52
Current Portion Debt Balance	1.04	1.04	1.04	1.04	1.04	1.04
Long Term Debt Balance	18.48	18.48	18.48	18.48	18.48	18.48
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		1.56	1.56	1.56	1.56	1.56
Cash Balance		8.60				
Interest @ 1.0%		0.09	0.09	0.09	0.09	0.09
Net Interest Expense/(Income)		1.48	1.48	1.48	1.48	1.48
Net Interest Rate		8.05%	7.98%	7.98%	7.98%	7.98%
EBITDA		0.14	0.32	0.51	0.71	0.91
EBITDA/Interest Expense Coverage		0.09	0.21	0.33	0.45	0.58

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran