

January 17, 2012

SN VALUATION [Stocks, Real Estate, Bonds]

Analyst: Sung Nam

KSW Inc (KSW)

Price:	\$3.37	Price/Book:	0.97	EV/EBITDA 5x TV:	\$4.97
Market Cap:	\$21,466,899	Price/Earnings:	15.22	Net Tangible Asset TV:	\$4.08
Cash:	\$16,570,000	EV/EBITA:	1.62	SN Defined TV:	\$3.70
Debt:	\$1,050,000	EV/FCF:	2.93	Economic Value Added:	\$6.29
Net Cash:	\$15,520,000	Net Tang. Asset/Share:	\$3.47	Year 5 Target:	\$4.76
Enterprise Value:	\$5,946,899	FCF/Share:	\$0.32	Appreciation:	41.312%

Overview

We will include on our watchlist.

Dividend?

Dividend yield is 4.45%.

Price to Book

Price to book is 0.97. Price to book excluding goodwill is 0.97.

Cashflow Generation

Cashflows are \$1.5 MM from operating cashflow.

Capex is \$0 MM, minority interest payment is \$0 MM, intangibles are \$0 MM and dividend is \$1 MM.

Free cash flow is about \$0.5 MM.

4.6% EBITA margin and FCF yield is 13.2%.

The company has \$16 MM in cash/short term investment and \$1 MM in debt.

We are projecting a \$0.2 MM paydown annually.

Profitability

ROA is 4.7%, and ROC is 8.9%.

Bankruptcy Risk

Altman Z is at 3.60.

LBO?

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

Price

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Altman Z Score

Company Name:

KSW Inc

Ticker:

KSW

Period	2007	2008	2009	2010	2011	2012	2013	2014	2015
Working Capital	14.74	16.22	16.98	18.31	18.71	19.24	19.82	20.46	21.17
Total Assets	40.94	50.50	40.54	41.56	41.80	42.16	42.57	43.04	43.56
X1	0.36	0.32	0.42	0.44	0.45	0.46	0.47	0.48	0.49
Retained Earnings	4.16	7.14	7.79	8.68	10.18	11.74	13.35	15.02	16.74
Total Assets	40.94	50.50	40.54	41.56	41.80	42.16	42.57	43.04	43.56
X2	0.10	0.14	0.19	0.21	0.24	0.28	0.31	0.35	0.38
EBITDA	6.07	6.84	2.05	3.50	2.17	2.24	2.31	2.38	2.45
Total Assets	40.94	50.50	40.54	41.56	41.80	42.16	42.57	43.04	43.56
X3	0.15	0.14	0.05	0.08	0.05	0.05	0.05	0.06	0.06
Market Value of Equity	21.47	21.47	21.47	21.47	23.00	24.65	26.42	28.31	30.34
Total Liabilities	23.54	30.37	19.68	19.47	19.21	19.01	18.81	18.61	18.41
X4	0.91	0.71	1.09	1.10	1.20	1.30	1.40	1.52	1.65
Net Sales	77.27	93.03	64.49	76.29	72.48	74.65	76.89	79.20	81.57
Total Assets	40.94	50.50	40.54	41.56	41.80	42.16	42.57	43.04	43.56
X5	1.89	1.84	1.59	1.84	1.73	1.77	1.81	1.84	1.87
Altman Z Score	3.50	3.30	3.18	3.60	3.50	3.66	3.83	3.99	4.17

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

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

LBO Analysis

WACC Terminal Value:		Intrinsic Price in 5 Years:	4.76	Non-LBO Forecast	Non-LBO Forecast
EV/EBITDA with 5X Multiple Terminal Value:	\$4.97	Market Price:	3.37	Year 1 Target	3.61
Net Tangible Asset Terminal Value:	\$4.08	LBO Price:	7.48	Year 2 Target	3.87
EV/EBITDA with Today's Multiple Terminal Value:	\$3.70	Premium to Market Price:	121.96%	Year 3 Target	4.15
EVA Enterprise Value:	\$6.29	LBO Price/Intrinsic Price Target:	-8.63%	Year 4 Target	4.44
Dividend Discount Model:	\$2.77	LBO Price/EV/EBIT Exit Price:	-13.49%	Year 5 Target	4.76
Average (Excluding Dividend Discount):	\$4.76	Implied IRR at today's EV/EBITDA:	1.91%	Implied IRR (Market Price):	7.16%
		5 Year Return:	41.31%		
				Desired Return Rate	20.00%
				Implied Today's Price	1.91
				Overvalued/(Undervalued)	76.09%

Current Evaluation			Exit Evaluation		
Current Market Price:	3.37	LBO Price:	7.48	Exit Price:	4.76
Outstanding Shares:	6,370,000	Outstanding Shares:	6,370,000	Outstanding Shares:	6,370,000
Market Capitalization:	21,466,899	Market Capitalization:	47,647,600	Market Capitalization:	23,597,959
Available Cash:	16,570,000	Available Cash:	16,570,000	Available Cash:	19,429,964
Debt:	1,050,000	Debt:	1,050,000	Debt:	-10,000
Net Cash:	15,520,000	Net Cash:	15,520,000	Net Cash:	19,439,964
Enterprise Value:	5,946,899	Enterprise Value:	32,127,600	Enterprise Value:	4,157,995
Original EV/EBITDA:	1.70	EV/EBITDA:	9.18	EV/EBITDA at 5 Years:	1.70
Original EV/EBITDA:	1.62	EV/EBITDA:	8.75	EV/EBITDA at 5 Years:	1.58
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
Annualized Price Targets based off LBO Price:	7.48	7.48	6.83	6.24	5.70	5.21
Shares Outstanding:	6,370,000	6,370,000	6,370,000	6,370,000	6,370,000	6,370,000
Market Capitalization:	47,647,600	47,647,600	43,533,370	39,774,392	36,339,990	33,202,139
Available Cash:	16,570,000	16,570,000	16,974,165	17,496,785	18,079,298	18,723,183
Debt:	1,050,000	1,050,000	790,000	590,000	390,000	190,000
Net Cash:	15,520,000	15,520,000	16,184,165	16,906,785	17,689,298	18,533,183
Enterprise Value:	32,127,600	32,127,600	27,349,205	22,867,606	18,650,692	14,668,956
EBIT	3,500,000	3,500,000	2,174,265	2,239,493	2,306,678	2,375,878
EV/EBIT:	9.18	9.18	12.58	10.21	8.09	6.17
EBITDA	3,670,000	3,670,000	2,335,765	2,405,838	2,478,013	2,552,353
EV/EBITDA:	8.75	8.75	11.71	9.51	7.53	5.75

Enterprise Valuation Calculation During Holding Period						
Time Period	0	Adjusted for LBO	1	2	3	4
Annualized Price Targets based off LBO Price:	7.48	7.48	5.67	5.88	6.10	6.33
Shares Outstanding:	6,370,000	6,370,000	6,370,000	6,370,000	6,370,000	6,370,000
Market Capitalization:	47,647,600	47,647,600	36,142,427	37,463,795	38,863,018	40,342,114
Available Cash:	16,570,000	16,570,000	16,974,165	17,496,785	18,079,298	18,723,183
Debt:	1,050,000	1,050,000	790,000	590,000	390,000	190,000
Net Cash:	15,520,000	15,520,000	16,184,165	16,906,785	17,689,298	18,533,183
Enterprise Value:	32,127,600	32,127,600	19,958,262	20,557,010	21,173,720	21,808,932
EBIT	3,500,000	3,500,000	2,174,265	2,239,493	2,306,678	2,375,878
EV/EBIT:	9.18	9.18	9.18	9.18	9.18	9.18
EBITDA	3,670,000	3,670,000	2,335,765	2,405,838	2,478,013	2,552,353
EV/EBITDA:	8.75	8.75	8.54	8.54	8.54	8.54

LBO Price	7.48	Equity Partners:	48,697,600	Weighting	100.00%	Annualized Return for Equity Partners: -13.49%
Shares Outstanding	6,370,000	Debt Partners:	0	0.00%		
Market Capitalization	47,647,600	Total Funds for LBO:	48,697,600	100.00%		
Debt	1,050,000					
Cash	16,570,000					
Enterprise Value	32,127,600					
Capital Investment	48,697,600					

Book Value	Enterprise Value	Stock Valuation	Debt Reduction
Beginning Book Value	22.23	Current Market Price	Starting Debt
Year 5 Book Value	25.29	Year 5 Market Price	Debt Repayment
Annualized Return	2.61%	Annualized Return	1.91%
			Year 5 Ending Debt
			% of Starting Debt

SN VALUATION

LBO Pro Forma Income Statement

Name:

KSW Inc

Ticker:

KSW

	Historical				Forecasted				
	12 months ending 2007-12-31	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	2011	2012	2013	2014	2015
Revenue	77.27	93.03	64.49	76.29	72.48	74.65	76.89	79.20	81.57
COGS	66.77	80.91	57.48	67.93	65.23	67.18	69.20	71.28	73.41
Gross margin	10.50	12.12	7.01	8.36	7.25	7.46	7.69	7.92	8.16
SG&A	4.43	4.29	4.96	4.86	5.07	5.23	5.38	5.54	5.71
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	0.00	0.00	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: Included within COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	6.07	6.84	2.05	3.50	2.17	2.24	2.31	2.38	2.45
Interest income/(expense)	0.68	0.37	0.03	0.06	0.10	0.12	0.13	0.15	0.17
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	6.75	7.20	2.08	3.56	2.28	2.36	2.44	2.53	2.61
Tax	3.09	2.96	0.81	1.59	0.77	0.80	0.83	0.86	0.89
Income after tax	3.66	4.24	1.27	1.97	1.50	1.56	1.61	1.67	1.73
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	3.66	4.24	1.27	1.97	1.50	1.56	1.61	1.67	1.73
*Figures are in millions (\$)									
EPS (based off today's share count)	\$0.57	\$0.67	\$0.20	\$0.31	\$0.24	\$0.24	\$0.25	\$0.26	\$0.27
P/E (historical today's price; forecasted intrinsic price)	5.87	5.06	16.90	10.90	15.31	15.84	16.40	16.98	17.59
Revenue Growth	N/A	20.40%	-30.68%	18.30%	-5.00%	3.00%	3.00%	3.00%	3.00%
Tax Rate	45.78%	41.11%	38.94%	44.66%	34.00%	34.00%	34.00%	34.00%	34.00%
Implied Debt Interest Rate	0.00%	31.36%	2.70%	5.71%	10.35%	15.00%	22.80%	38.59%	87.63%
Margins									
COGS	86.41%	86.97%	89.13%	89.04%	90.00%	90.00%	90.00%	90.00%	90.00%
Gross margin	13.59%	10.87%	10.87%	10.96%	10.00%	10.00%	10.00%	10.00%	10.00%
SG&A	5.73%	5.68%	7.69%	6.37%	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%	0.00%	0.00%	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: Included within COGS					0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	7.86%	7.35%	3.18%	4.59%	3.00%	3.00%	3.00%	3.00%	3.00%
Interest income/(expense)	0.88%	0.40%	0.05%	0.08%	0.14%	0.16%	0.17%	0.19%	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	8.74%	7.74%	3.23%	4.67%	3.14%	3.16%	3.17%	3.19%	3.20%
Tax	4.00%	3.18%	1.26%	2.08%	1.07%	1.07%	1.08%	1.08%	1.09%
Income after tax	4.74%	4.56%	1.97%	2.58%	2.07%	2.15%	2.22%	2.30%	2.38%
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	4.74%	4.56%	1.97%	2.58%	2.07%	2.08%	2.10%	2.11%	2.11%

					Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	As of 2007-12-31	As of 2008-12-31	As of 2009-12-31	As of 2010-12-31	+	-						
Cash	16.23	16.61	14.78	14.95			14.95	15.35	15.88	16.46	17.10	17.81
Short term investment	1.89	1.22	1.56	1.62			1.62	1.62	1.62	1.62	1.62	1.62
Cash and Short term	18.12	17.83	16.34	16.57			16.57	16.97	17.50	18.08	18.72	19.43
Accounts Receivable	14.13	19.45	12.34	13.70			13.70	13.70	13.70	13.70	13.70	13.70
Other receivables	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	14.13	19.45	12.34	13.70			13.70	13.70	13.70	13.70	13.70	13.70
Deferred Income Tax	4.56	6.92	4.47	1.98			1.98	1.98	1.98	1.98	1.98	1.98
Total Inventory	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.36	0.68	0.28	0.64			0.64	0.64	0.64	0.64	0.64	0.64
Other Current Assets	1.11	0.53	2.12	3.84			3.84	3.84	3.84	3.84	3.84	3.84
Current Assets	38.28	45.41	35.55	36.73	0.00	0.00	36.73	37.13	37.66	38.24	38.88	39.59
PP&E, Gross	2.35	4.95	5.03	5.05			5.05	5.05	5.05	5.05	5.05	5.05
Change in Depreciation	0.08	0.10	0.17	0.17			0.17	0.16	0.17	0.17	0.18	0.18
Accumulated Depreciation	0.00	0.00	0.17	0.34			0.34	0.50	0.67	0.84	1.02	1.20
PP&E, Net	2.35	4.95	4.86	4.71			4.71	4.55	4.38	4.21	4.03	3.85
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	0.00	0.00	0.00	0.00	0.00
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	0.31	0.14	0.13	0.12			0.12	0.12	0.12	0.12	0.12	0.12
Long Term Assets	2.66	5.09	4.99	4.83			4.83	4.67	4.50	4.33	4.15	3.97
Total Assets	40.94	50.50	40.54	41.56	0.00	0.00	41.56	41.80	42.16	42.57	43.04	43.56
Accounts Payable	14.18	14.44	12.01	10.64			10.64	10.64	10.64	10.64	10.64	10.64
Accrued Expense	1.69	1.82	1.05	1.45			1.45	1.45	1.45	1.45	1.45	1.45
Other current Liabilities	7.67	12.93	5.51	6.33			6.33	6.33	6.33	6.33	6.33	6.33
Total Current Liabilities	23.54	29.19	18.57	18.42	0.00	0.00	18.42	18.42	18.42	18.42	18.42	18.42
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	0.00	0.06	0.06	0.06			0.06	0.00	0.00	0.00	0.00	0.00
Long term Debt	0.00	1.12	1.05	0.99	0.00	0.00	0.99	0.79	0.59	0.39	0.19	-0.01
Capital Lease Obligations	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	1.18	1.11	1.05	0.00	0.00	1.05	0.79	0.59	0.39	0.19	-0.01
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	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Liabilities	23.54	30.37	19.68	19.47	0.00	0.00	19.47	19.21	19.01	18.81	18.61	18.41
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	0.06	0.06	0.06	0.06		0.00	0.06	0.06	0.06	0.06	0.06	0.06
Additional Paid-in capital	13.14	13.29	13.31	13.63	0.00	0.00	13.63	13.63	13.63	13.63	13.63	13.63
Dividends Paid	0.00	0.00	0.00	0.00			0.00	-1.00	-2.00	-3.00	-4.00	-5.00
Retained Earnings	4.16	7.14	7.79	8.68		0.00	8.68	10.18	11.74	13.35	15.02	16.74
Treasury Stock	0.00	-0.02	-0.14	-0.14			-0.14	-0.14	-0.14	-0.14	-0.14	-0.14
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	17.36	20.47	21.02	22.23	0.00	0.00	22.23	22.73	23.29	23.90	24.57	25.29
Liability + Equity	40.90	50.84	40.70	41.70	0.00	0.00	41.70	41.94	42.30	42.71	43.18	43.70
Variance	0.04	-0.34	-0.16	-0.14			-0.14	-0.14	-0.14	-0.14	-0.14	-0.14
Debt/Equity	0.00	0.06	0.05	0.05			0.05	0.03	0.03	0.02	0.01	0.00
Inventory Turnover	#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!
Days Inventory Outstanding	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable Turnover	5.47	4.78	5.23	5.57			5.57	5.29	5.45	5.61	5.78	5.95
Accounts Receivable Turnover Days	66.75	76.31	69.84	65.55			65.55	69.00	66.99	65.04	63.14	61.30
Days Payable Outstanding	77.52	65.14	76.26	57.17			57.17	59.54	57.80	56.12	54.49	52.90
Days Sales Outstanding	66.75	76.31	69.84	65.55			65.55	65.55	69.00	66.99	65.04	63.14
Cash Conversion Cycle	-10.77	11.17	-6.42	8.38			8.38	6.01	11.19	10.87	10.55	10.24

SN VALUATION

LBO Adjusted Proforma Cash Flow

	12 months ending 2007-12-31	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	2011	2012	2013	2014	2015
Net Income	3.66	4.24	1.27	1.97	1.50	1.56	1.61	1.67	1.73
Depreciation	0.08	0.10	0.17	0.17	0.16	0.17	0.17	0.18	0.18
Net Income + Depreciation	3.74	4.34	1.44	2.14	1.66	1.72	1.78	1.84	1.91
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	0.25	0.23	0.02	0.00	0.00	0.00	0.00	0.00	0.00
Non Cash Items	-0.46	-0.05	0.02	-0.36	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-0.73	-1.49	-2.39	-0.69	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-5.32	7.11	-1.36	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-0.32	0.40	-0.36	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	0.26	-2.43	-1.37	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	2.80	3.03	-0.91	1.09	1.66	1.72	1.78	1.84	1.91
Capital Expenditures	-0.07	-1.45	-0.08	-0.09	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
Intangibles	-1.25	0.00	-1.07	1.03	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-1.32	-1.45	-1.15	0.94	0.00	0.00	0.00	0.00	0.00
Financing Cash flow items	0.36	0.02	0.00	0.10	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	-1.26	-0.62	-1.07	1.00	1.00	1.00	1.00	1.00
Issuance (Retirement) of Stock	0.31	0.05	-0.12	0.21	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	-0.06	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	0.00	0.00	-0.06	-0.06	-0.20	-0.20	-0.20	-0.20	-0.20
Cash from Financing Activities	0.67	-1.19	-0.80	-0.82	-1.26	-1.20	-1.20	-1.20	-1.20
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	14.08	16.23	16.61	14.78	14.95	15.35	15.88	16.46	17.10
Net Change in Cash	2.15	0.38	-2.87	1.21	0.40	0.52	0.58	0.64	0.71
Ending Cash Balance	16.23	16.61	13.74	15.99	15.35	15.88	16.46	17.10	17.81
Depreciation to Sales	0.10%	0.11%	0.26%	0.22%	0.22%	0.22%	0.22%	0.22%	0.22%
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	18.29%	20.91%	19.13%	17.96%	18.90%	18.35%	17.82%	17.30%	16.80%
Distributable FCF Yield	24.89%	26.57%	-34.64%	34.14%	27.98%	28.97%	29.97%	31.01%	32.06%
Dividend Yield	0.00%	-5.87%	-2.89%	-4.98%	4.66%	4.66%	4.66%	4.66%	4.66%

SN VALUATION

LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	1.21	0.40	0.52	0.58	0.64	0.71
Current Portion Debt Repayment		0.06				
Long Term Debt Repayment		0.20	0.20	0.20	0.20	0.20
Outstanding Debt	1.05	0.79	0.59	0.39	0.19	-0.01
Current Portion Debt Balance	0.06	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	0.99	0.79	0.59	0.39	0.19	-0.01
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		0.06	0.05	0.03	0.02	(0.00)
Cash Balance		16.57				
Interest @ 1.0%		0.17	0.17	0.17	0.17	0.17
Net Interest Expense/(Income)		(0.10)	(0.12)	(0.13)	(0.15)	(0.17)
Net Interest Rate		-10.35%	-15.00%	-22.80%	-38.59%	-87.63%
EBITDA		2.17	2.24	2.31	2.38	2.45
EBITDA/Interest Expense Coverage		34.40	47.45	73.93	156.31	(3058.94)

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran