

Analyst: Sung Nam

**Kulicke And Soffa Industries Inc (KLIC)**

<b>Market Price:</b>	<b>\$8.56</b>	<b>EBITDA/Share:</b>	<b>\$2.44</b>	<b>Net Asset/Share:</b>	<b>\$5.41</b>
<b>DCF: EV/EBITDA Terminal Value</b>	<b>24.323%</b>	<b>DCF: Net Tangible Asset excluding Cash/Debt Terminal Value</b>		<b>4.748%</b>	
<b>EBITDA-Cap Ex/Share</b>	<b>\$2.30</b>	<b>EVA Analysis:</b>		<b>12.411%</b>	

**Overview**

Kulicke and Soffa sells equipment to semiconductor companies.

**Dividend?**

Dividend yield is 0.0%.

**Cashflow Generation**

Cashflows are \$175 MM from operating cashflow.

Capex is \$8 MM, intangibles are \$0 MM and dividend is \$0 MM.

Free cash flow is about \$165 MM.

20.5% EBITA margin.

The company has \$ 385MM in cash/short term investment and \$105 MM in debt.

**Profitability**

ROA is a strong 17.5%, and ROC is 27.2%.

**LBO?**

We believe a 60% debt/40% equity would be sustainable.

**Price**

We are forecasting a \$21.00/share in Year 5, or a 146.3% holding return, or 19.75% annual return.

Thus, the 1 year forecasted price is \$10.25.

In Finviz, price targets in 2011 is \$11.



# SN VALUATION

# LBO Analysis

WACC Terminal Value:		<b>Intrinsic Price in 5 Years:</b>	<b>21.08</b>	<b>Non-LBO Forecast</b>	<b>Non-LBO Forecast</b>	<b>Desired Return Rate</b>	<b>20.00%</b>
EV/EBITDA with 5X Multiple Terminal Value:	\$25.42	Market Price:	8.56	Year 1 Target	10.25	Implied Today's Price	8.47
Net Tangible Asset Terminal Value:	\$10.79	LBO Price:	<b>8.56</b>	Year 2 Target	12.28	Overvalued/(Undervalued)	1.05%
EV/EBITDA with Today's Multiple Terminal Value:	\$19.88	Premium to Market Price:	0.00%	Year 3 Target	14.70		
EVA Enterprise Value:	\$28.21	LBO Price/Intrinsic Price Target:	19.75%	Year 4 Target	17.60		
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	14.76%	Year 5 Target	21.08		
Average (Excluding Dividend Discount):	<b>\$21.08</b>	Implied IRR at today's EV/EBIT:	18.36%	Implied IRR (Market Price):	19.75%		
		5 Year Return	146.25%				

Current Evaluation				Exit Evaluation			
Current Market Price:	8.56	LBO Price:	8.56	Exit Price:	21.08	Exit Price:	19.88
Outstanding Shares:	73,660,000	Outstanding Shares:	73,660,000	Outstanding Shares:	73,660,000	Outstanding Shares:	73,660,000
<b>Market Capitalization:</b>	<b>630,529,600</b>	<b>Market Capitalization:</b>	<b>630,529,600</b>	<b>Market Capitalization:</b>	<b>1,552,697,865</b>	<b>Market Capitalization:</b>	<b>1,464,722,417</b>
Available Cash:	384,550,000	Available Cash:	384,550,000	Available Cash:	852,821,735	Available Cash:	852,821,735
Debt:	105,220,000	Debt:	105,220,000	Debt:	0	Debt:	0
Net Cash:	279,330,000	Net Cash:	279,330,000	Net Cash:	852,821,735	Net Cash:	852,821,735
<b>Enterprise Value:</b>	<b>351,199,600</b>	<b>Enterprise Value:</b>	<b>351,199,600</b>	<b>Enterprise Value:</b>	<b>699,876,130</b>	<b>Enterprise Value:</b>	<b>611,900,682</b>
Original EV/EBIT:	2.07	EV/EBIT:	2.07	EV/EBIT at 5 Years:	3.43	EV/EBIT at 5 Years:	<b>3.00</b>
Original EV/EBITDA:	1.96	EV/EBITDA:	1.87	EV/EBITDA at 5 Years:	3.74	EV/EBITDA at 5 Years:	2.49
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:	8.56	8.56	10.25	12.28	14.70	17.60	21.08
Shares Outstanding:	73,660,000	73,660,000	73,660,000	73,660,000	73,660,000	73,660,000	73,660,000
<b>Market Capitalization:</b>	<b>630,529,600</b>	<b>630,529,600</b>	<b>755,060,540</b>	<b>904,186,607</b>	<b>1,082,765,390</b>	<b>1,296,613,863</b>	<b>1,552,697,865</b>
Available Cash:	384,550,000	384,550,000	384,380,337	497,548,597	607,693,880	725,638,728	852,821,735
Debt:	105,220,000	105,220,000	0	0	0	0	0
Net Cash:	279,330,000	279,330,000	384,380,337	497,548,597	607,693,880	725,638,728	852,821,735
<b>Enterprise Value:</b>	<b>351,199,600</b>	<b>351,199,600</b>	<b>370,680,204</b>	<b>406,638,009</b>	<b>475,071,509</b>	<b>570,975,134</b>	<b>699,876,130</b>
EBIT	170,060,000	170,060,000	174,384,000	183,103,200	192,258,360	198,026,111	203,966,894
EV/EBIT:	2.07	2.07	2.13	2.22	2.47	2.88	3.43
EBITDA	187,820,000	187,820,000	214,673,687	225,407,371	225,130,941	234,660,831	245,681,225
EV/EBITDA:	1.87	1.87	1.73	1.80	2.11	2.43	2.85

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	8.56	8.56	10.11	11.89	13.64	15.40	17.30
Shares Outstanding:	73,660,000	73,660,000	73,660,000	73,660,000	73,660,000	73,660,000	73,660,000
<b>Market Capitalization:</b>	<b>630,529,600</b>	<b>630,529,600</b>	<b>744,509,650</b>	<b>875,684,377</b>	<b>1,004,736,448</b>	<b>1,134,592,573</b>	<b>1,274,044,195</b>
Available Cash:	384,550,000	384,550,000	384,380,337	497,548,597	607,693,880	725,638,728	852,821,735
Debt:	105,220,000	105,220,000	0	0	0	0	0
Net Cash:	279,330,000	279,330,000	384,380,337	497,548,597	607,693,880	725,638,728	852,821,735
<b>Enterprise Value:</b>	<b>351,199,600</b>	<b>351,199,600</b>	<b>360,129,313</b>	<b>378,135,779</b>	<b>397,042,568</b>	<b>408,953,845</b>	<b>421,222,460</b>
EBIT	170,060,000	170,060,000	174,384,000	183,103,200	192,258,360	198,026,111	203,966,894
EV/EBIT:	2.07	2.07	2.07	2.07	2.07	2.07	2.07
EBITDA	187,820,000	187,820,000	214,673,687	225,407,371	225,130,941	234,660,831	245,681,225
EV/EBITDA:	1.87	1.87	1.68	1.68	1.76	1.74	1.71

LBO Price	8.56	Equity Partners:	735,749,600	Weighting	100.00%	<b>Annualized Return for Equity Partners: 14.76%</b>
Shares Outstanding	73,660,000	Debt Partners:	0	0.00%		
<b>Market Capitalization</b>	<b>630,529,600</b>	<b>Total Funds for LBO:</b>	<b>735,749,600</b>	100.00%		
Debt	105,220,000					
Cash	384,550,000					
<b>Enterprise Value</b>	<b>351,199,600</b>					
<b>Capital Investment</b>	<b>735,749,600</b>					

<b>Book Value</b>		<b>Enterprise Value</b>		<b>Stock Valuation</b>		<b>Debt Reduction</b>	
Beginning Book Value	469.87	Beginning Enterprise Value	351.20	Current Market Price	\$8.56	Starting Debt	0.00
Year 5 Book Value	1,149.55	Year 5 Enterprise Value	611.90	Year 5 Market Price	\$19.88	Debt Repayment	105.22
<b>Annualized Return</b>	<b>19.59%</b>	<b>Annualized Return</b>	<b>11.74%</b>	<b>Annualized Return</b>	<b>18.36%</b>	Year 5 Ending Debt	0.00
						% of Starting Debt	#DIV/0!

SN VALUATION

LBO Pro Forma Income Statement

Name: Kulicke And Soffa Industries Inc

Ticker:

KLIC

	Historical				Forecasted				
	12 months ending 2008-09-27	12 months ending 2009-10-03	12 months ending 2010-10-02	12 months ending 2011-10-01	2011	2012	2013	2014	2015
Revenue	328.05	225.24	762.78	830.40	871.92	915.52	961.29	990.13	1,019.83
COGS	194.26	136.40	427.11	442.49	479.56	503.53	528.71	544.57	560.91
<b>Gross margin</b>	<b>133.79</b>	<b>88.84</b>	<b>335.67</b>	<b>387.91</b>	<b>392.36</b>	<b>411.98</b>	<b>432.58</b>	<b>445.56</b>	<b>458.93</b>
SG&A	89.36	95.22	128.58	138.27	148.23	155.64	163.42	168.32	173.37
R&D	59.92	53.48	56.66	65.14	69.75	73.24	76.90	79.21	81.59
Unusual expense	8.98	9.70	2.40	4.89	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				9.55					
<b>Operating Income (EBITA)</b>	<b>-24.47</b>	<b>-69.56</b>	<b>148.03</b>	<b>170.06</b>	<b>174.38</b>	<b>183.10</b>	<b>192.26</b>	<b>198.03</b>	<b>203.97</b>
Interest income/(expense)	-3.87	-7.08	-7.93	-7.63	3.85	3.85	3.85	3.85	3.85
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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Income before tax</b>	<b>-28.33</b>	<b>-76.64</b>	<b>140.10</b>	<b>162.43</b>	<b>178.23</b>	<b>186.95</b>	<b>196.10</b>	<b>201.87</b>	<b>207.81</b>
Tax	-3.61	-13.03	-2.04	34.82	53.47	56.08	58.83	60.56	62.34
<b>Income after tax</b>	<b>-24.72</b>	<b>-63.61</b>	<b>142.14</b>	<b>127.61</b>	<b>124.76</b>	<b>130.86</b>	<b>137.27</b>	<b>141.31</b>	<b>145.47</b>
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
<b>Net income</b>	<b>-24.72</b>	<b>-63.61</b>	<b>142.14</b>	<b>127.61</b>	<b>124.76</b>	<b>130.86</b>	<b>137.27</b>	<b>141.31</b>	<b>145.47</b>
*Figures are in millions (\$)									
<b>Revenue Growth</b>	<b>N/A</b>	<b>-31.34%</b>	<b>238.65%</b>	<b>8.86%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>3.00%</b>	<b>3.00%</b>
Tax Rate	12.74%	17.00%	-1.46%	21.44%	30.00%	30.00%	30.00%	30.00%	30.00%
Implied Debt Interest Rate	-1.56%	-5.01%	-8.05%	-7.25%	NA	NA	NA	NA	NA
<b>Margins</b>									
COGS	59.22%	60.56%	55.99%	53.29%	55.00%	55.00%	55.00%	55.00%	55.00%
<b>Gross margin</b>	<b>40.78%</b>	<b>39.44%</b>	<b>44.01%</b>	<b>46.71%</b>	<b>45.00%</b>	<b>45.00%</b>	<b>45.00%</b>	<b>45.00%</b>	<b>45.00%</b>
SG&A	27.24%	42.27%	16.86%	16.65%	17.00%	17.00%	17.00%	17.00%	17.00%
R&D	18.27%	23.74%	7.43%	7.84%	8.00%	8.00%	8.00%	8.00%	8.00%
Unusual expense	2.74%	4.31%	0.31%	0.59%	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%	1.15%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Operating Income (EBITA)</b>	<b>-7.46%</b>	<b>-30.88%</b>	<b>19.41%</b>	<b>20.48%</b>	<b>20.00%</b>	<b>20.00%</b>	<b>20.00%</b>	<b>20.00%</b>	<b>20.00%</b>
Interest income/(expense)	-1.18%	-3.14%	-1.04%	-0.92%	0.44%	0.42%	0.40%	0.39%	0.38%
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%
<b>Income before tax</b>	<b>-8.64%</b>	<b>-34.03%</b>	<b>18.37%</b>	<b>19.56%</b>	<b>20.44%</b>	<b>20.42%</b>	<b>20.40%</b>	<b>20.39%</b>	<b>20.38%</b>
Tax	-1.10%	-5.78%	-0.27%	4.19%	6.13%	6.13%	6.12%	6.12%	6.11%
<b>Income after tax</b>	<b>-7.54%</b>	<b>-28.24%</b>	<b>18.63%</b>	<b>15.37%</b>	<b>14.31%</b>	<b>15.01%</b>	<b>15.74%</b>	<b>16.21%</b>	<b>16.68%</b>
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%
<b>Net income</b>	<b>-7.54%</b>	<b>-28.24%</b>	<b>18.63%</b>	<b>15.37%</b>	<b>14.31%</b>	<b>14.29%</b>	<b>14.28%</b>	<b>14.27%</b>	<b>14.26%</b>

					Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	As of 2008-09-27	As of 2009-10-03	As of 2010-10-02	As of 2011-10-01	+	-						
Cash	144.93	144.56	178.11	378.19			378.19	378.02	491.19	601.33	719.28	846.46
Short term investment	6.15	0.00	2.98	6.36			6.36	6.36	6.36	6.36	6.36	6.36
<b>Cash and Short term</b>	<b>151.08</b>	<b>144.56</b>	<b>181.09</b>	<b>384.55</b>			<b>384.55</b>	<b>384.38</b>	<b>497.55</b>	<b>607.69</b>	<b>725.64</b>	<b>852.82</b>
Accounts Receivable	56.64	95.78	196.03	138.65			138.65	138.65	138.65	138.65	138.65	138.65
Other receivables	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Receivables</b>	<b>56.64</b>	<b>95.78</b>	<b>196.03</b>	<b>138.65</b>			<b>138.65</b>	<b>138.65</b>	<b>138.65</b>	<b>138.65</b>	<b>138.65</b>	<b>138.65</b>
Deferred Income Tax	-0.01	-0.01	0.02	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Inventory	27.24	41.49	73.89	73.09			73.09	73.09	73.09	73.09	73.09	73.09
Prepaid Expenses	18.73	11.57	15.98	21.90			21.90	21.90	21.90	21.90	21.90	21.90
Other Current Assets	165.08	2.07	5.68	1.65			1.65	1.65	1.65	1.65	1.65	1.65
<b>Current Assets</b>	<b>418.76</b>	<b>295.46</b>	<b>472.69</b>	<b>619.84</b>	<b>0.00</b>	<b>0.00</b>	<b>619.84</b>	<b>619.67</b>	<b>732.84</b>	<b>842.98</b>	<b>960.93</b>	<b>1,088.11</b>
PP&E, Gross	86.47	91.20	82.94	83.63			83.63	93.63	103.63	113.63	123.63	133.63
Change in Depreciation	7.56	21.23	17.76	17.76			17.76	42.30	32.87	36.63	41.71	41.71
Accumulated Depreciation	49.57	55.16	72.69	90.45			90.45	130.74	173.04	205.92	242.55	284.27
PP&E, Net	36.90	36.04	10.25	-6.82			-6.82	-37.11	-69.41	-92.29	-118.92	-150.64
Goodwill	2.71	26.70	26.70	41.55	0.00		41.55	41.55	41.55	41.55	41.55	41.55
Intangibles	0.39	48.66	29.57	29.57			29.57	79.57	129.57	179.57	229.57	279.57
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	38.38	5.77	11.61	10.94			10.94	10.94	10.94	10.94	10.94	10.94
<b>Long Term Assets</b>	<b>127.95</b>	<b>172.33</b>	<b>87.67</b>	<b>75.24</b>	<b>0.00</b>	<b>0.00</b>	<b>75.24</b>	<b>94.95</b>	<b>112.65</b>	<b>139.77</b>	<b>163.14</b>	<b>181.42</b>
<b>Total Assets</b>	<b>497.14</b>	<b>412.63</b>	<b>560.17</b>	<b>728.39</b>	<b>0.00</b>	<b>0.00</b>	<b>695.08</b>	<b>714.62</b>	<b>845.48</b>	<b>982.76</b>	<b>1,124.07</b>	<b>1,269.54</b>
Accounts Payable	25.03	39.91	82.35	36.32			36.32	36.32	36.32	36.32	36.32	36.32
Accrued Expense	25.71	15.76	23.69	23.69			23.69	23.69	23.69	23.69	23.69	23.69
Other current Liabilities	36.52	18.43	17.36	48.95			48.95	48.95	48.95	48.95	48.95	48.95
<b>Total Current Liabilities</b>	<b>87.26</b>	<b>74.10</b>	<b>125.13</b>	<b>108.96</b>	<b>0.00</b>	<b>0.00</b>	<b>108.96</b>	<b>108.96</b>	<b>108.96</b>	<b>108.96</b>	<b>108.96</b>	<b>108.96</b>
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	72.41	48.96	0.00	105.22			105.22	0.00	0.00	0.00	0.00	0.00
Long term Debt	175.00	92.22	98.47	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
<b>Total Interest Earning Debt</b>	<b>247.41</b>	<b>141.18</b>	<b>98.47</b>	<b>105.22</b>	<b>0.00</b>	<b>0.00</b>	<b>105.22</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Deferred Income tax	21.59	16.28	20.36	32.06			32.06	32.06	32.06	32.06	32.06	32.06
Minority Interest	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	38.40	10.27	13.73	12.27			12.27	12.27	12.27	12.27	12.27	12.27
<b>Total Liabilities</b>	<b>394.66</b>	<b>241.83</b>	<b>257.69</b>	<b>258.51</b>	<b>0.00</b>	<b>0.00</b>	<b>258.51</b>	<b>153.29</b>	<b>153.29</b>	<b>153.29</b>	<b>153.29</b>	<b>153.29</b>
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	295.84	413.09	423.71	441.75		0.00	441.75	441.75	441.75	441.75	441.75	441.75
Additional Paid-in capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividends Paid	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	-149.47	-197.81	-55.67	71.94		0.00	71.94	196.70	327.56	464.84	606.15	751.62
Treasury Stock	-46.12	-46.36	-46.36	-46.36			-46.36	-46.36	-46.36	-46.36	-46.36	-46.36
Other Equity	2.21	1.88	0.79	2.54		0.00	2.54	2.54	2.54	2.54	2.54	2.54
<b>Total Equity</b>	<b>102.46</b>	<b>170.80</b>	<b>322.47</b>	<b>469.87</b>	<b>0.00</b>	<b>0.00</b>	<b>469.87</b>	<b>594.63</b>	<b>725.49</b>	<b>862.77</b>	<b>1,004.08</b>	<b>1,149.55</b>
<b>Liability + Equity</b>	<b>497.12</b>	<b>412.63</b>	<b>560.16</b>	<b>728.38</b>	<b>0.00</b>	<b>0.00</b>	<b>728.38</b>	<b>747.92</b>	<b>878.78</b>	<b>1,016.06</b>	<b>1,157.37</b>	<b>1,302.84</b>
<b>Variance</b>	<b>0.02</b>	<b>0.00</b>	<b>0.01</b>	<b>0.01</b>			<b>-33.30</b>	<b>-33.30</b>	<b>-33.30</b>	<b>-33.30</b>	<b>-33.30</b>	<b>-33.30</b>
<b>Debt/Equity</b>	<b>2.41</b>	<b>0.83</b>	<b>0.31</b>	<b>0.22</b>			<b>0.22</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Inventory Turnover	12.04	5.43	10.32	11.36			11.36	11.93	12.53	13.15	13.55	13.95
Inventory Turnover Days	30.31	67.23	35.36	32.13			32.13	30.60	29.14	27.75	26.94	26.16
Days Inventory Outstanding	51.18	111.03	63.14	60.29			60.29	55.63	52.98	50.46	48.99	47.56
Accounts Receivable Turnover	5.79	2.35	3.89	5.99			5.99	6.29	6.60	6.93	7.14	7.36
Accounts Receivable Turnover Days	63.02	155.21	93.80	60.94			60.94	58.04	55.28	52.65	51.11	49.62
Days Payable Outstanding	47.03	106.80	70.37	29.96			29.96	27.64	26.33	25.07	24.34	23.63

SN VALUATION

LBO Adjusted Proforma Cash Flow

	12 months ending 2008-09-27	12 months ending 2009-10-03	12 months ending 2010-10-02	12 months ending 2011-10-01	2011	2012	2013	2014	2015
Net Income	-1.28	-41.60	142.14	127.61	124.76	130.86	137.27	141.31	145.47
Depreciation	7.56	21.23	17.53	17.76	40.29	42.30	32.87	36.63	41.71
<b>Net Income + Depreciation</b>	<b>6.28</b>	<b>-20.37</b>	<b>159.67</b>	<b>145.37</b>	<b>165.05</b>	<b>173.17</b>	<b>170.15</b>	<b>177.94</b>	<b>187.18</b>
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	-3.15	-6.81	-4.74	19.77	0.00	0.00	0.00	0.00	0.00
Non Cash Items	4.22	-9.59	15.64	23.87	0.00	0.00	0.00	0.00	0.00
Change in Working capital	20.71	-16.75	-84.78	11.38	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-39.14	-100.25	57.38	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	-14.25	-32.40	0.80	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	7.16	-4.41	-5.92	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	14.88	42.44	-46.03	0.00	0.00	0.00	0.00	0.00
<b>Cash from Operating Activities</b>	<b>28.06</b>	<b>-53.52</b>	<b>85.79</b>	<b>200.39</b>	<b>165.05</b>	<b>173.17</b>	<b>170.15</b>	<b>177.94</b>	<b>187.18</b>
Capital Expenditures	-7.85	-5.26	-6.27	-7.69	-10.00	-10.00	-10.00	-10.00	-10.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	-21.94	103.67	-0.16	-3.42	-50.00	-50.00	-50.00	-50.00	-50.00
<b>Cash from Investing Activities</b>	<b>-29.79</b>	<b>98.41</b>	<b>-6.43</b>	<b>-11.11</b>	<b>-60.00</b>	<b>-60.00</b>	<b>-60.00</b>	<b>-60.00</b>	<b>-60.00</b>
Financing Cash flow items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.55	38.92	2.84	9.30	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	-105.22	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	-3.83	-84.36	-48.96	0.00	0.00	0.00	0.00	0.00	0.00
<b>Cash from Financing Activities</b>	<b>-3.28</b>	<b>-45.44</b>	<b>-46.12</b>	<b>9.30</b>	<b>-105.22</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Foreign Exchange effect	-0.63	0.18	0.30	1.49	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	150.57	144.93	144.56	178.11	378.19	378.02	491.19	601.33	719.28
<b>Net Change in Cash</b>	<b>-5.64</b>	<b>-0.37</b>	<b>33.55</b>	<b>200.08</b>	<b>-0.17</b>	<b>113.17</b>	<b>110.15</b>	<b>117.94</b>	<b>127.18</b>
Ending Cash Balance	144.93	144.56	178.11	378.19	378.02	491.19	601.33	719.28	846.46
Depreciation to Sales	2.30%	9.43%	2.30%	2.14%	4.62%	4.62%	3.42%	3.70%	4.09%
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	17.27%	42.52%	25.70%	16.70%	15.90%	15.14%	14.42%	14.00%	13.60%

# SN VALUATION

# LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	200.08	-0.17	113.17	110.15	117.94	127.18
Current Portion Debt Repayment		105.22				
Long Term Debt Repayment						
<b>Outstanding Debt</b>	105.22	0.00	0.00	0.00	0.00	0.00
Current Portion Debt Balance	105.22	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		4.00%	4.00%	4.00%	4.00%	4.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
<b>Interest Rate</b>		<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>
<b>Interest Expense</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Cash Balance		384.55				
Interest @ 1.0%		3.85	3.85	3.85	3.85	3.85
<b>Net Interest Expense/(Income)</b>		<b>(3.85)</b>	<b>(3.85)</b>	<b>(3.85)</b>	<b>(3.85)</b>	<b>(3.85)</b>
<b>Net Interest Rate</b>		<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
EBITDA		174.38	183.10	192.26	198.03	203.97
<b>EBITDA/Interest Expense Coverage</b>		<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>

## Interest Rate Coverage Table

Debt Rating	2011	2012	2013	2014	2015
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