

## Mac-Gray (TUC)

Price:	\$14.95	Net Tang. Bk Value Incl. Cash, Excl.	\$59,270,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$79,062,500.00
Market Cap:	\$219,017,500	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$46,968,500.00
Cash:	\$14,840,000	NTBVIC/Market Downside Recovery:	27.06%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$191,150,000	Op. Cash Flow:	\$46,968,500	Year 5 Disposition Price:	\$219,968,000.00
Net Cash:	-\$176,310,000	Implied Years to Fill Gap:	3.40		
Enterprise Value:	\$395,327,500	Today's Equity if 5x Op. CF:	\$200,175,500		
		Net Tang. Book+ Gain Disposition:			\$219,968,000.00
Shares Outstanding:	14,650,000	IRR:			0.09%
				Price:	\$15.01
				Target Market Cap:	\$219,968,000
				Target Enterprise Value:	\$396,278,000

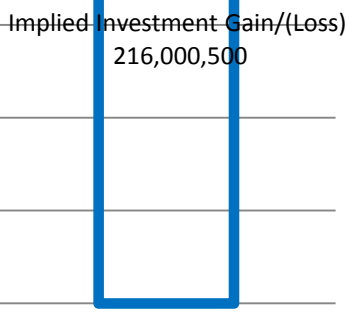
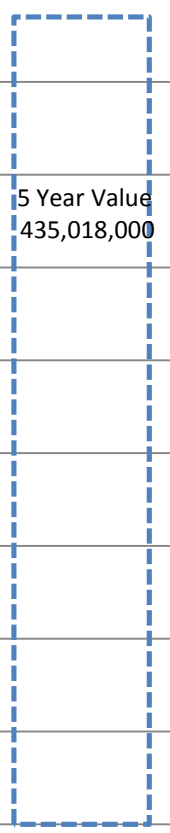
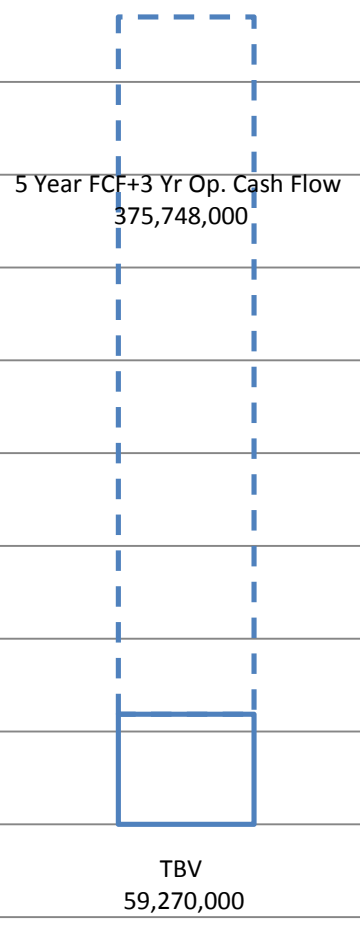
\* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

Overleveraged coin laundry operation with stable margins and operating cash flow. Co. has a lot of goodwill (\$50MM) and intangibles (\$110MM). Why does a coin laundry have so much intangibles on their books? Its not a tech firm. This is fishy. These are all the long-term agreements the Co. has with apartments (usually 7 years) and they booked these as intangibles. In a way, its locked in cash flow stream, but it is double counting on a valuation perspective, since the same cash flow will be captured as assets and cash flow.

Co. makes about \$50MM in operating cash flow, \$30MM goes toward capex, \$10MM toward debt retirement and \$5MM to dividends. Dividend yield is 2%, so not remarkable for a overleveraged business. There is a 4.5x EBITDA/interest coverage ratio which is good coverage. \$300MM in debt is related to a secured credit lending agreement, with interest rate averaging 4%.

We of course love these simple businesses and its a shame there is too much debt. If it was less leveraged, and less goodwill, or acquisition driven business, then I might have scooped up some shares, as the intrinsic value is not too far from the market value. However, even with the debt reduction, we are uncomfortable with the intangibles hidden in the books and the dividend is too low for a dividend play.

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Mac-Gray Corporation was founded in 1927 and reincorporated in Delaware in 1997. The Company generates the majority of its revenue from card- and coin-operated laundry rooms located in 43 states and the District of Columbia. Since its founding, Mac-Gray has grown to become the second largest laundry facilities management contractor in the United States. Through its portfolio of card- and coin-operated laundry equipment located in laundry facilities across the country, it provides laundry convenience to residents of multi-unit housing such as apartment buildings, condominiums, colleges and university residence halls, public housing complexes and hotels and motels. The Company's laundry equipment sales business sells and services commercial laundry equipment manufactured by Whirlpool Corporation, Dexter Laundry Company, American Dryer Corporation and Primus Laundry Company. This business sells commercial laundry equipment mainly to retail laundromats, hotels and similar institutional users that operate their own on-premise laundry facilities. The Company's main customer base is the multi-unit housing market, which includes apartments, condominium units, colleges and universities, and military bases. The Company also sells, services and leases commercial laundry equipment to commercial laundromats, multi-unit housing properties and institutions. The majority of its purchases of laundry equipment are from one supplier. The outsourced laundry facilities management industry is highly competitive, and the Company competes for long-term leases, both locally and nationally, with property owners and other operators in the industry. It competes based on customer service, reputation, facilities management rent rates, incentive payments and a range of products and services. The Company's businesses and operations are subject to federal, state and local environmental laws and regulations, including those governing the discharge of pollutants, the handling, generation, storage and disposal of hazardous materials, substances and wastes and the cleanup of contaminated sites.

<b>Company Name:</b>	<b>Mac-Gray</b>
Ticker Symbol:	TUC
<b>Last Price:</b>	<b>\$14.95</b>
Net Cash/Share:	-\$12.03
Net Cash to Last Price:	-80.50%
Shares Outstanding:	14,650,000
Industry:	Personal Services
Sector:	Consumer Cyclical
Institutional Ownership:	34.74%
Mutual Fund Ownership:	26.94%
Insider Ownership:	21.07%
Float:	79.00%

Market Capitalization:	\$219,017,500.00
Total Debt:	\$191,150,000.00
Total Cash:	\$14,840,000.00
Net Cash/(Debt):	-\$176,310,000.00
Enterprise Value:	\$395,327,500.00
Current EV/Share:	\$26.98
EBITDA:	\$60,220,000.00
EV/EBITDA Multiple:	6.56
EV/EBITDA Multiple Average Year 1-5:	6.34
EV/FCF Multiple (excluding acquisition):	21.97
EV/FCF Multiple Average Year 1-5 (excluding acquisition):	23.30

Income Statement			
Revenue:	\$319,480,000.00		100.0%
Cost of Goods Sold:	\$266,760,000.00		83.5%
Gross Profit:	\$52,720,000.00		16.5%
EBITDA:	\$64,210,000.00		20.1%
Net Income:	\$7,990,000.00		2.5%

Balance Sheet			
Cash:	\$14,840,000.00		
Short Term Investment:	\$0.00		
A/R:	\$6,000,000.00		
PP&E:	\$128,000,000.00		
Assets:	\$402,360,000.00		
A/P:	\$10,000,000.00		
Deferred Tax:	\$46,380,000.00		
Other Liabilities:	\$36,370,000.00		
Short term Debt:	\$1,150,000.00		
Long Term Debt:	\$190,000,000.00		
Liabilities:	\$283,900,000.00		
Retained Earnings:	\$28,000,000.00		
Paid-In Capital:	\$89,140,000.00		
Treasury Stock:	\$0.00		
Stockholder's Equity:	\$117,010,000.00		

Technicals		
52 week low:	\$10.69	
Today from 52 week low:	39.85%	
52 week high:	\$15.00	
Today from 52 week high:	0.33%	

Upper Range		
DCF: EV/EBITDA Terminal Value		
Implied TV from 3 X EV/EBITDA Multiple	\$57,981,600.00	
Enterprise Value	\$57,981,600.00	
Cash at Year 5:	\$99,682,500.00	
Debt at Year 5:	\$191,150,000.00	
Equity Value Year 5:	-\$33,485,900.00	
<b>Equity/Share at Year 5:</b>	<b>-\$2.29</b>	
Annualized Return:	-168.69%	
Lower Range		
DCF: Net Tangible Asset excluding Cash/Debt Terminal Value		
Year 5 Net Tangible Assets excluding cash and debt	-\$60,940,000.00	
Enterprise Value	-\$60,940,000.00	
Cash at Year 5:	\$99,682,500.00	
Debt at Year 5:	\$191,150,000.00	
Equity Value Year 5:	-\$152,407,500.00	
<b>Equity/Share at Year 5:</b>	<b>-\$10.40</b>	
Annualized Return:	-193.00%	

Analyst/Consensus		
Analyst Sales Growth FY1:	1.50%	
Analyst Sales Growth FY2:	3.50%	
SN Valuation Estimate FY1:	0.00%	
SN Valuation Estimate FY2:	0.00%	

EVA		
EVA today:	\$103,066,713.33	
EVA in 5 Years:	\$249,521,940.38	
EVA/Share:	\$17.03	
Cash at Year 5:	\$99,682,500.00	
Debt at Year 5:	\$191,150,000.00	
Equity Value Year 5:	\$158,054,440.38	
<b>Equity/Share at Year 5:</b>	<b>\$10.79</b>	
Annualized return	<b>19.34%</b>	

Cash Flow			
Net Income:	4,310,000.00		
Depreciation/Amortization:	43,010,000.00		
Change in Working capital:	-6,670,000.00		
Cash from Operating Activities:	47,630,000.00		
Capital Expenditures:	-29,630,000.00		
Cash from Investing Activities:	-29,360,000.00		
Total Cash Dividends Paid:	-3,510,000.00		
Issuance (Retirement) of Stock:	-1,060,000.00		
Issuance (Retirement) of Debt:	-11,760,000.00		
Cash from Financing Activities:	-17,830,000.00		

Multiples		
Market Value to Book:	1.87	
EV to Book:	3.38	
Market Value to Tangible Net Assets:	-0.87	
P/E Ratio:	27.41	
Trailing P/E Ratio:	28.77	
Forward P/E Ratio:	18.28	
Beta:	1.08	
Dividend:	0.35	
Dividend Yield:	<b>2.33%</b>	
Dividend Date:	Jun 30, 2013	
Ex-Dividend Date:	Jun 13, 2013	

Competitors		
Average EV to EBITDA:	N/A	
Company EV to EBITDA:	6.56	
Average EV to EBIT:	N/A	
Company EV to EBITA:	24.15	

Profitability Margins	
Debt to Equity:	163.36%
Return on Assets:	1.07%
Return on Capital:	1.40%
Return on Equity:	3.68%

Current Net Tangible Asset		
<b>Net Tangible Asset/Share:</b>	<b>-\$7.39</b>	
<b>Net Tangible Asset/Share in Year 5:</b>	<b>-\$6.04</b>	
Annualized return	-3.96%	
Current Equity Price:	\$14.95	
Selling at Discount?	Premium	
Appreciation Potential:	-149.44%	

SN VALUATION

LBO Pro Forma Income Statement

Name:

Mac-Gray

Ticker:

TUC

	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	325.92	320.01	322.03	322.12	322.12	322.12	322.12	322.12	322.12
COGS	270.83	267.26	266.80	269.40	270.58	270.58	270.58	270.58	270.58
Gross margin	55.09	52.75	55.23	52.72	51.54	51.54	51.54	51.54	51.54
SG&A	33.04	33.05	33.79	31.92	32.21	32.21	32.21	32.21	32.21
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	-0.65	-0.26	1.69	3.59	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	0.00	0.00
Operating Income (EBITA)	22.70	19.96	19.75	17.21	19.33	19.33	19.33	19.33	19.33
Interest income/(expense)	-18.78	-13.43	-12.64	-8.62	-13.24	-13.24	-13.24	-13.24	-13.24
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	-0.88	-0.88	-0.84	-0.45	0.00	0.00	0.00	0.00	0.00
Income before tax	2.32	5.00	5.50	7.30	6.09	6.09	6.09	6.09	6.09
Tax	1.28	2.17	2.22	2.99	2.13	2.13	2.13	2.13	2.13
Income after tax	1.04	2.83	3.28	4.31	3.96	3.96	3.96	3.96	3.96
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	1.04	2.83	3.28	4.31	3.96	3.96	3.96	3.96	3.96
*Figures are in millions (\$)									
EPS (based off today's share count)	\$0.07	\$0.19	\$0.22	\$0.29	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27
P/E (historical today's price; forecasted intrinsic price)	210.59	77.39	66.77	50.82	55.38	55.42	55.47	55.52	55.57
Revenue Growth		N/A	0.63%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	55.17%	43.40%	40.36%	40.96%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-7.12%	-5.94%	-6.23%	-4.49%	-6.97%	-6.97%	-6.97%	-6.97%	-6.97%
Margins									
COGS	83.10%	83.52%	82.85%	83.63%	84.00%	84.00%	84.00%	84.00%	84.00%
Gross margin	16.90%	16.48%	17.15%	16.37%	16.00%	16.00%	16.00%	16.00%	16.00%
SG&A	10.14%	10.33%	10.49%	9.91%	10.00%	10.00%	10.00%	10.00%	10.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	-0.20%	-0.08%	0.52%	1.11%	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)	6.96%	6.24%	6.13%	5.34%	6.00%	6.00%	6.00%	6.00%	6.00%
Interest income/(expense)	-5.76%	-4.20%	-3.93%	-2.68%	-4.11%	-4.11%	-4.11%	-4.11%	-4.11%
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	-0.27%	-0.26%	-0.14%	-0.14%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	0.71%	1.56%	1.71%	2.27%	1.89%	1.89%	1.89%	1.89%	1.89%
Tax	0.39%	0.68%	0.69%	0.93%	0.66%	0.66%	0.66%	0.66%	0.66%
Income after tax	0.32%	0.88%	1.02%	1.34%	1.23%	1.23%	1.23%	1.23%	1.23%
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	0.32%	0.88%	1.02%	1.34%	1.23%	1.23%	1.23%	1.23%	1.23%

	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	21.60	13.01	13.88	14.33	14.84			14.84	31.81	48.78	65.75	82.71	93.68
Short term investment	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Cash and Short term</b>	<b>21.60</b>	<b>13.01</b>	<b>13.88</b>	<b>14.33</b>	<b>14.84</b>			<b>14.84</b>	<b>31.81</b>	<b>48.78</b>	<b>65.75</b>	<b>82.71</b>	<b>93.68</b>
Accounts Receivable	5.08	6.11	5.59	5.83	6.00			6.00	6.00	6.00	6.00	6.00	6.00
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Receivables</b>	<b>5.08</b>	<b>6.11</b>	<b>5.59</b>	<b>5.83</b>	<b>6.00</b>			<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>
Total Inventory	2.17	1.58	1.49	1.28	2.17			2.17	2.17	2.17	2.17	2.17	2.17
Prepaid Expenses	9.00	8.84	8.40	8.46	9.96			9.96	9.96	9.96	9.96	9.96	9.96
Other Current Assets	7.98	1.71	2.04	2.01	1.15			1.15	1.15	1.15	1.15	1.15	1.15
<b>Current Assets</b>	<b>45.83</b>	<b>31.25</b>	<b>31.40</b>	<b>31.91</b>	<b>34.12</b>	<b>0.00</b>	<b>0.00</b>	<b>34.12</b>	<b>51.09</b>	<b>68.06</b>	<b>85.03</b>	<b>101.99</b>	<b>118.96</b>
PP&E, Gross	333.99	351.24	367.75	0.00	370.00			370.00	400.00	430.00	460.00	490.00	520.00
Change in Depreciation	48.99	46.67	44.00	43.01	43.01			43.01	43.01	43.01	43.01	43.01	43.01
Accumulated Depreciation	205.84	225.49	241.96	0.00	242.00			242.00	285.01	328.02	371.03	414.04	457.05
<b>PP&amp;E, Net</b>	<b>128.15</b>	<b>125.75</b>	<b>125.79</b>	<b>0.00</b>	<b>128.00</b>			<b>128.00</b>	<b>114.99</b>	<b>101.98</b>	<b>88.97</b>	<b>75.96</b>	<b>62.95</b>
Goodwill	59.04	58.61	58.17	57.74	57.74	0.00		57.74	57.74	57.74	57.74	57.74	57.74
Intangibles	208.50	195.14	181.61	168.14	169.00			169.00	169.00	169.00	169.00	169.00	169.00
Long term investments	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	15.25	10.56	10.87	13.44	13.50			13.50	13.50	13.50	13.50	13.50	13.50
<b>Long Term Assets</b>	<b>410.94</b>	<b>390.06</b>	<b>376.44</b>	<b>239.32</b>	<b>368.24</b>	<b>0.00</b>	<b>0.00</b>	<b>368.24</b>	<b>355.23</b>	<b>342.22</b>	<b>329.21</b>	<b>316.20</b>	<b>303.19</b>
<b>Total Assets</b>	<b>456.77</b>	<b>421.31</b>	<b>407.84</b>	<b>271.23</b>	<b>402.36</b>	<b>0.00</b>	<b>0.00</b>	<b>402.36</b>	<b>406.32</b>	<b>410.28</b>	<b>414.24</b>	<b>418.19</b>	<b>422.15</b>
Accounts Payable	6.96	8.67	8.53	9.19	10.00			10.00	10.00	10.00	10.00	10.00	10.00
Accrued Expense	36.30	36.00	36.45	33.11	34.00			34.00	34.00	34.00	34.00	34.00	34.00
Other current Liabilities	9.03	1.09	2.35	1.50	13.06			13.06	13.06	13.06	13.06	13.06	13.06
<b>Total Current Liabilities</b>	<b>52.29</b>	<b>45.76</b>	<b>47.33</b>	<b>43.80</b>	<b>57.06</b>	<b>0.00</b>	<b>0.00</b>	<b>57.06</b>	<b>57.06</b>	<b>57.06</b>	<b>57.06</b>	<b>57.06</b>	<b>57.06</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	0.00
Current port. Of LT Debt/Capital Leases	5.54	4.51	4.19	1.20	1.15			1.15	1.15	1.15	1.15	1.15	1.15
Long term Debt	258.32	221.43	198.64	190.97	190.00	0.00	0.00	190.00	190.00	190.00	190.00	190.00	190.00
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
<b>Total Interest Earning Debt</b>	<b>263.86</b>	<b>225.94</b>	<b>202.83</b>	<b>192.17</b>	<b>191.15</b>	<b>0.00</b>	<b>0.00</b>	<b>191.15</b>	<b>191.15</b>	<b>191.15</b>	<b>191.15</b>	<b>191.15</b>	<b>191.15</b>
Deferred Income tax	39.16	41.82	43.80	46.77	46.38			46.38	46.38	46.38	46.38	46.38	46.38
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	4.43	2.52	1.92	1.39	-10.69			-10.69	-10.69	-10.69	-10.69	-10.69	-10.69
<b>Total Liabilities</b>	<b>359.74</b>	<b>316.04</b>	<b>295.88</b>	<b>284.13</b>	<b>283.90</b>	<b>0.00</b>	<b>0.00</b>	<b>283.90</b>	<b>283.90</b>	<b>283.90</b>	<b>283.90</b>	<b>283.90</b>	<b>283.90</b>
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	0.14	0.14	0.14	0.14	0.14		0.00	0.14	0.14	0.14	0.14	0.14	0.14
Additional Paid-in capital	78.03	81.30	86.22	89.71	89.00	0.00	0.00	89.00	89.00	89.00	89.00	89.00	89.00
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	28.42	28.18	28.25	27.57	28.00		0.00	28.00	31.96	35.92	39.88	43.83	47.79
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	-2.05	-1.56	-0.79	-0.13	-0.13		0.00	-0.13	-0.13	-0.13	-0.13	-0.13	-0.13
<b>Total Equity</b>	<b>104.54</b>	<b>108.06</b>	<b>113.82</b>	<b>117.29</b>	<b>117.01</b>	<b>0.00</b>	<b>0.00</b>	<b>117.01</b>	<b>120.97</b>	<b>124.93</b>	<b>128.89</b>	<b>132.84</b>	<b>136.80</b>
<b>Liability + Equity</b>	<b>464.28</b>	<b>424.10</b>	<b>409.70</b>	<b>401.42</b>	<b>400.91</b>	<b>0.00</b>	<b>0.00</b>	<b>400.91</b>	<b>404.87</b>	<b>408.83</b>	<b>412.79</b>	<b>416.74</b>	<b>420.70</b>
<b>Variance</b>	<b>-7.51</b>	<b>-2.79</b>	<b>-1.86</b>	<b>-130.19</b>	<b>1.45</b>			<b>1.45</b>	<b>1.45</b>	<b>1.45</b>	<b>1.45</b>	<b>1.45</b>	<b>1.45</b>
<b>Debt/Equity</b>	<b>2.52</b>	<b>2.09</b>	<b>1.78</b>	<b>1.64</b>	<b>1.63</b>			<b>1.63</b>	<b>1.58</b>	<b>1.53</b>	<b>1.48</b>	<b>1.44</b>	<b>1.40</b>
Inventory Turnover	150.19	202.54	216.13	251.66	148.44			148.44	148.44	148.44	148.44	148.44	148.44
Inventory Turnover Days	2.43	1.80	1.69	1.45	2.46			2.46	2.46	2.46	2.46	2.46	2.46
Days Inventory Outstanding	2.92	2.16	2.04	1.73	2.93			2.94	2.93	2.93	2.93	2.93	2.93
Accounts Receivable Turnover	64.16	52.37	57.61	55.25	53.69			53.69	53.69	53.69	53.69	53.69	53.69
Accounts Receivable Turnover Days	5.69	6.97	6.34	6.61	6.80			6.80	6.80	6.80	6.80	6.80	6.80
Days Payable Outstanding	9.38	11.84	11.67	12.45	13.49			13.55	13.49	13.49	13.49	13.49	13.49
Days Sales Outstanding	5.69	6.97	6.34	6.61	6.80			6.61	6.80	6.80	6.80	6.80	6.80
Cash Conversion Cycle	-0.77	-2.71	-3.30	-4.11	-3.76			-4.00	-3.76	-3.76	-3.76	-3.76	-3.76
Net tangible assets/share	(\$11.13)	(\$9.94)	(\$8.60)	(\$7.41)	(\$7.49)			(\$7.22)	(\$6.95)	(\$6.68)	(\$6.41)	(\$6.14)	(\$6.14)

	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	2.12	2.58	3.28	4.31	3.96	3.96	3.96	3.96	3.96
Depreciation	48.99	46.67	44.00	43.01	43.01	43.01	43.01	43.01	43.01
<b>Net Income + Depreciation</b>	<b>51.11</b>	<b>49.25</b>	<b>47.28</b>	<b>47.32</b>	<b>46.97</b>	<b>46.97</b>	<b>46.97</b>	<b>46.97</b>	<b>46.97</b>
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	4.78	2.43	2.07	3.03	0.00	0.00	0.00	0.00	0.00
Non Cash Items	0.70	2.31	6.83	3.94	0.00	0.00	0.00	0.00	0.00
Change in Working capital	4.47	-0.20	-2.56	-6.67	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-1.03	0.52	-0.24	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	0.59	0.09	0.21	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.16	0.44	-0.06	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	1.71	-0.14	0.66	0.00	0.00	0.00	0.00	0.00
<b>Cash from Operating Activities</b>	<b>61.06</b>	<b>53.79</b>	<b>53.52</b>	<b>47.62</b>	<b>46.97</b>	<b>46.97</b>	<b>46.97</b>	<b>46.97</b>	<b>46.97</b>
Capital Expenditures Expenditures	-21.34	-26.58	-27.52	-29.63	-30.00	-30.00	-30.00	-30.00	-30.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	0.93	8.88	0.28	0.27	0.00	0.00	0.00	0.00	0.00
<b>Cash from Investing Activities</b>	<b>-20.41</b>	<b>-17.70</b>	<b>-27.24</b>	<b>-29.36</b>	<b>-30.00</b>	<b>-30.00</b>	<b>-30.00</b>	<b>-30.00</b>	<b>-30.00</b>
Financing Cash flow items	-9.86	-10.00	0.00	-1.50	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	-2.76	-3.14	-3.51	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	1.03	0.44	1.25	-1.06	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	-29.05	-32.35	-23.52	-11.76	0.00	0.00	0.00	0.00	0.00
<b>Cash from Financing Activities</b>	<b>-37.88</b>	<b>-44.67</b>	<b>-25.41</b>	<b>-17.83</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	18.84	21.60	13.01	13.88	14.84	31.81	48.78	65.75	82.71
<b>Net Change in Cash</b>	<b>2.76</b>	<b>-8.59</b>	<b>0.87</b>	<b>0.45</b>	<b>16.97</b>	<b>16.97</b>	<b>16.97</b>	<b>16.97</b>	<b>16.97</b>
Ending Cash Balance	21.60	13.01	13.88	14.33	31.81	48.78	65.75	82.71	99.68
Capex to Revenue	6.55%	8.31%	8.55%	9.20%	9.31%	9.31%	9.31%	9.31%	9.31%
Depreciation to Sales	15.03%	14.58%	13.66%	13.35%	13.35%	13.35%	13.35%	13.35%	13.35%
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	1.56%	1.91%	1.74%	1.81%	1.81%	1.81%	1.81%	1.81%	1.81%
Distributable FCF/EV Yield	10.28%	9.13%	6.65%	4.62%	4.29%	4.29%	4.29%	4.29%	4.29%
Dividend Yield	0.00%	-1.26%	-1.43%	-1.60%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>FCF (Ops-Investing)</b>	<b>39.72</b>	<b>29.97</b>	<b>29.14</b>	<b>21.50</b>	<b>16.97</b>	<b>16.97</b>	<b>16.97</b>	<b>16.97</b>	<b>16.97</b>

# SN VALUATION

# LBO Debt Schedule

Ticker:

TUC

	Proforma	2013	2014	2015	2016	2017
<b>Net Change in Cash</b>	<b>0.45</b>	<b>16.97</b>	<b>16.97</b>	<b>16.97</b>	<b>16.97</b>	<b>16.97</b>
Current Portion Debt Repayment						
Long Term Debt Repayment						
<b>Outstanding Debt</b>	<b>191.15</b>	<b>191.15</b>	<b>191.15</b>	<b>191.15</b>	<b>191.15</b>	<b>191.15</b>
Current Portion Debt Balance	1.15	1.15	1.15	1.15	1.15	1.15
Long Term Debt Balance	190.00	190.00	190.00	190.00	190.00	190.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
<b>Interest Rate</b>		<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>
<b>Interest Expense</b>		<b>13.38</b>	<b>13.38</b>	<b>13.38</b>	<b>13.38</b>	<b>13.38</b>
Cash Balance		14.33				
Interest @ 1.0%		0.14	0.14	0.14	0.14	0.14
<b>Net Interest Expense/(Income)</b>		<b>13.24</b>	<b>13.24</b>	<b>13.24</b>	<b>13.24</b>	<b>13.24</b>
<b>Net Interest Rate</b>		<b>6.97%</b>	<b>6.97%</b>	<b>6.97%</b>	<b>6.97%</b>	<b>6.97%</b>
EBITDA		19.33	19.33	19.33	19.33	19.33
<b>EBITDA/Interest Expense Coverage</b>		<b>1.44</b>	<b>1.44</b>	<b>1.44</b>	<b>1.44</b>	<b>1.44</b>

Interest Rate Coverage Table

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

\*Source: NYU; Professor Damodaran

## Altman Z Score

Company Name:

Mac-Gray

Ticker:

TUC

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	-6.46	-14.51	-15.93	-22.94	-5.97	11.00	27.97	44.93	61.90
Total Assets	456.77	421.31	407.84	402.36	406.32	410.28	414.24	418.19	422.15
<b>X1</b>	<b>-0.01</b>	<b>-0.03</b>	<b>-0.04</b>	<b>-0.06</b>	<b>-0.01</b>	<b>0.03</b>	<b>0.07</b>	<b>0.11</b>	<b>0.15</b>
Retained Earnings	28.42	28.18	28.25	28.00	31.96	35.92	39.88	43.83	47.79
Total Assets	456.77	421.31	407.84	402.36	406.32	410.28	414.24	418.19	422.15
<b>X2</b>	<b>0.06</b>	<b>0.07</b>	<b>0.07</b>	<b>0.07</b>	<b>0.08</b>	<b>0.09</b>	<b>0.10</b>	<b>0.10</b>	<b>0.11</b>
EBITDA	22.70	19.96	19.75	17.21	19.33	19.33	19.33	19.33	19.33
Total Assets	456.77	421.31	407.84	402.36	406.32	410.28	414.24	418.19	422.15
<b>X3</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.04</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>
Market Value of Equity	219.02	219.02	219.02	219.02	219.21	219.40	219.59	219.78	219.97
Total Liabilities	359.74	316.04	295.88	283.90	283.90	283.90	283.90	283.90	283.90
<b>X4</b>	<b>0.61</b>	<b>0.69</b>	<b>0.74</b>	<b>0.77</b>	<b>0.77</b>	<b>0.77</b>	<b>0.77</b>	<b>0.77</b>	<b>0.77</b>
Net Sales	325.92	320.01	322.03	322.12	322.12	322.12	322.12	322.12	322.12
Total Assets	456.77	421.31	407.84	402.36	406.32	410.28	414.24	418.19	422.15
<b>X5</b>	<b>0.71</b>	<b>0.76</b>	<b>0.79</b>	<b>0.80</b>	<b>0.79</b>	<b>0.79</b>	<b>0.78</b>	<b>0.77</b>	<b>0.76</b>
<b>Altman Z Score</b>	<b>1.31</b>	<b>1.38</b>	<b>1.44</b>	<b>1.43</b>	<b>1.51</b>	<b>1.56</b>	<b>1.61</b>	<b>1.66</b>	<b>1.71</b>

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

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
<b>Tangible Book Value</b>	59.27	63.23	67.19	71.15	75.10	79.06				79.06
Annual Change		3.96	3.96	3.96	3.96	3.96				
<b>Annual FCF</b>	17.99	16.97	16.97	16.97	16.97	16.97	16.97	16.97	16.97	50.91
Annual Op. Cash Flow	47.62	46.97	46.97	46.97	46.97	46.97	46.97	46.97	46.97	
Annual PP&E Investment	(29.63)	(30.00)	(30.00)	(30.00)	(30.00)	(30.00)	(30.00)	(30.00)	(30.00)	
<b>Today's Tangible Book Value</b>	59.27	62.79	66.51	70.46	74.64	79.06				129.97
Intrinsic Value IRR	5.93%									
<b>Market Price</b>	219.02	197.31	177.76	160.14	144.27	129.97				129.97
Market Price IRR	-9.91%									

Debt	50.00%	109.51
Equity	50.00%	109.51
<b>Total</b>	<b>100.00%</b>	<b>219.02</b>

	Present Value	Holding Period					Terminal Value			Sale Price
	Historic	ProForma	1	2	3	4	5			
Book Equity	117.01	109.51	107.87	106.23	104.59	102.96	101.32			
Goodwill	57.74	159.75	159.75	159.75	159.75	159.75	159.75			
Debt	190	299.51	299.51	299.51	299.51	299.51	299.51			
Debt Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%			
Additional Interest Expense		7.73	7.73	7.73	7.73	7.73				
<b>Tangible Book Value</b>	59.27	-50.24	-51.88	-53.52	-55.15	-56.79	-58.43			-58.43
Annual Change			-1.64	-1.64	-1.64	-1.64	-1.64			
<b>Annual FCF</b>	17.99		11.37	11.37	11.37	11.37	11.37	11.37	11.37	34.11
Annual Net Income	4.31		(1.64)	(1.64)	(1.64)	(1.64)	(1.64)	(1.64)	(1.64)	
<b>Annual Op. Cash Flow</b>	47.62		41.37	41.37	41.37	41.37	41.37	41.37	41.37	
Dividend Payments										
<b>Annual PP&amp;E Investment</b>	(29.63)		(30.00)	(30.00)	(30.00)	(30.00)	(30.00)	(30.00)	(30.00)	
Debt Paydown	0.00							0.00	0.00	0.00

<b>Sale Price in Year 5</b>										(24.32)
<b>Remaining Debt Balance</b>										109.51
<b>Capital Left for Equity Investor</b>										(133.82)
Dividend Payments										0.00
<b>Total Cash In Flow</b>										(133.82)
<b>Invested Equity</b>	109.51	-113.99	118.65	-123.51	128.56	-133.82				
IRR	-204.09%									

<u>Value Creation</u>	
TBV Growth (equals sum of NI Year 1-5)	-8.19
Cash Flow (Year 6-8)	34.11
	<b>25.92</b>

<u>Value Dilution</u>	
Debt	109.51
Goodwill	102.01
Additional Interest	38.64
	<b>250.16</b>