

January 2, 2012

SN VALUATION [Stocks, Real Estate, Bonds]

Analyst: Sung Nam

Mad Catz Interactive Inc (MCZ)

Market Price:	\$0.51	EBITDA/Share:	\$0.31	Net Asset/Share:	\$2.23
DCF: EV/EBITDA Terminal Value	23.859%	DCF: Net Tangible Asset excluding Cash/Debt Terminal Value	3.375%		
EBITDA-Cap Ex/Share	\$0.26	EVA Analysis:	15.127%		

Overview

Dividend?

Dividend yield is 0.0%.

Price to Book

Price to book is 1.34.

Cashflow Generation

Cashflows are \$14MM 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 \$12 MM.

10.2% EBITA margin and FCF yield is 23.0%.

The company has \$0 MM in cash/short term investment and \$19 MM in debt.

We are projecting a \$5 MM paydown annually.

Profitability

ROA is 14.5%, and ROC is 45.4%.

LBO?

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

Price

We are forecasting a \$1.08/share in Year 5, or a 111.9% holding return, or 16.2% annual return. Thus, the 1 year forecasted price is \$0.60.

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Mad Catz Interactive, Inc. (Mad Catz) designs, manufactures (through third parties in Asia), markets, sells and distributes accessories for all videogame platforms, the personal computer (PC) and the iPod and other audio devices. Its accessories are marketed under the Mad Catz, Saitek, Cyborg, Eclipse, Joytech, GameShark, Tritton and AirDrives brands. Mad Catz also produces for selected customers a range of products, which are marketed on a private label basis. Its products include videogame, PC and audio accessories, such as control pads, video cables, steering wheels, joysticks, memory cards, light guns, flight sticks, dance pads, microphones, car adapters, carry cases, mice, keyboards and headsets. It also markets videogame enhancement products and publishes videogames. On February 24, 2011, the Company acquired certain assets of V Max Simulation Corporation (V Max).

Company Name: Mad Catz Interactive Inc		Market Capitalization:	\$32,359,500.00	Income Statement		
Ticker Symbol:	MCZ	Total Debt:	\$19,910,000.00	Revenue:	\$168,880,000.00 100.0%	
Last Price:	\$0.51	Total Cash:	\$3,730,000.00	Cost of Goods Sold:	\$115,510,000.00 68.4%	
Net Cash/Share:	-\$0.26	Net Cash/(Debt):	-\$16,180,000.00	Gross Profit:	\$53,370,000.00 31.6%	
Net Cash to Last Price:	-50.00%	Enterprise Value:	\$48,539,500.00	EBITDA:	\$15,050,000.00 8.9%	
Shares Outstanding:	63,450,000	Current EV/Share:	\$0.77	Net Income:	\$7,220,000.00 4.3%	
Industry:	Computer Systems	EBITDA:	\$19,710,000.00	Balance Sheet		
Sector:	Technology	EV/EBITDA Multiple:	2.46	Cash:	\$0.00	
Institutional Ownership:	3.49%	EV/EBITDA Multiple Average Year 1-5:	3.67	Short Term Investment:	\$0.00	
Mutual Fund Ownership:	0.09%	EV/FCF Multiple:	4.17	A/R:	\$19,850,000.00	
Insider Ownership:	0.54%	EV/FCF Multiple Year 1:	5.04	PP&E:	\$11,810,000.00	
Retail Ownership:	95.34%	Upper Range			Assets:	\$75,530,000.00
Float:	99.46%	DCF: EV/EBITDA Terminal Value			A/P:	\$13,700,000.00
Technicals		Implied TV from 5 X EV/EBITDA Multiple	\$78,265,839.68	Deferred Tax:	\$0.00	
52 week low:	\$0.51	Enterprise Value	\$78,265,839.68	Other Liabilities:	\$17,830,000.00	
Today from 52 week low:	0.00%	Cash at Year 5:	\$35,970,608.91	Short term Debt:	\$19,910,000.00	
52 week high:	\$2.39	Debt at Year 5:	\$19,910,000.00	Long Term Debt:	\$0.00	
Today from 52 week high:	368.63%	Equity Value Year 5:	\$94,326,448.59	Liabilities:	\$51,440,000.00	
50 day Moving Average:	\$0.63	Equity/Share at Year 5:	\$1.49	Retained Earnings:	-\$26,540,000.00	
200 day Moving Average:	\$1.16	Annualized Return:	23.86%	Paid-In Capital:	\$0.00	
Analyst/Consensus		Lower Range			Treasury Stock:	\$0.00
Analyst Sales Growth FY1:	Error	DCF: Net Tangible Asset excluding Cash/Debt Terminal Value			Stockholder's Equity:	\$24,100,000.00
Analyst Sales Growth FY2:	Error	Year 5 Net Tangible Assets excluding cash and debt	\$22,140,000.00	Cash Flow		
SN Valuation Estimate FY1:	0.00%	Enterprise Value	\$22,140,000.00	Net Income:	10,940,000.00	
SN Valuation Estimate FY2:	5.00%	Cash at Year 5:	\$35,970,608.91	Depreciation/Amortization:	2,760,000.00	
Analyst Earnings Estimate FY1:	Error	Debt at Year 5:	\$19,910,000.00	Change in Working capital:	-12,250,000.00	
Analyst Earnings Estimate FY2:	Error	Equity Value Year 5:	\$38,200,608.91	Cash from Operating Activities:	3,300,000.00	
SN Valuation Earnings Est. FY1:	\$0.13	Equity/Share at Year 5:	\$0.60	Capital Expenditures:	-2,060,000.00	
SN Valuation Earnings Est. FY2:	\$0.14	Annualized Return:	3.37%	Cash from Investing Activities:	-3,620,000.00	
Multiples		EVA			Total Cash Dividends Paid:	0.00
Market Value to Book:	1.34	EVA today:	\$30,996,494.81	Issuance (Retirement) of Stock:	920,000.00	
EV to Book:	2.01	EVA in 5 Years:	\$62,690,694.40	Issuance (Retirement) of Debt:	780,000.00	
Market Value to Tangible Net Assets:	14.51	EVA/Share:	\$0.99	Cash from Financing Activities:	1,600,000.00	
P/E Ratio:	4.48	Cash at Year 5:	\$35,970,608.91	Profitability Margins		
Trailing P/E Ratio:	4.18	Debt at Year 5:	\$19,910,000.00	Debt to Equity:	82.61%	
Forward P/E Ratio:	N/A	Equity Value Year 5:	\$78,751,303.31	Return on Assets:	14.48%	
Beta:	2.37	Equity/Share at Year 5:	\$1.24	Return on Capital:	24.86%	
Dividend:	0	Annualized return:	15.13%	Return on Equity:	45.39%	
Dividend Yield:	0.00%	Current Net Tangible Asset				
Dividend Date:	N/A	Net Tangible Asset/Share:	\$2.23			
Ex-Dividend Date:	N/A	Net Tangible Asset/Share in Year 5:	\$0.41			
Competitors		Annualized return	-28.87%			
Average EV to EBITDA:	N/A	Current Equity Price:	\$0.51			
Company EV to EBITDA:	2.46	Selling at Discount?	Discount			
Average EV to EBIT:	N/A	Appreciation Potential:	337.25%			
Company EV to EBITA:	2.59	Dividend Model				
		Next Year Dividend	\$0.00			
		WACC:	12.65%			
		Dividend:	\$0.00			
		Net Income:	\$7,220,000.00			

SN VALUATION

LBO Analysis

WACC Terminal Value:		Intrinsic Price in 5 Years:	1.08	Non-LBO Forecast	Non-LBO Forecast
EV/EBITDA with 5X Multiple Terminal Value:	\$1.49	Market Price:	0.51	Year 1 Target	0.59
Net Tangible Asset Terminal Value:	\$0.60	LBO Price:	0.51	Year 2 Target	0.69
EV/EBITDA with Today's Multiple Terminal Value:	\$0.99	Premium to Market Price:	0.00%	Year 3 Target	0.80
EVA Enterprise Value:	\$1.24	LBO Price/Intrinsic Price Target:	16.21%	Year 4 Target	0.93
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	3.81%	Year 5 Target	1.08
Average (Excluding Dividend Discount):	\$1.08	Implied IRR at today's EV/EBITDA:	14.26%	Implied IRR (Market Price):	16.21%
		5 Year Return:	111.91%		
				Desired Return Rate	20.00%
				Implied Today's Price	0.43
				Overvalued/(Undervalued)	17.42%

Current Evaluation				Exit Evaluation			
Current Market Price:	0.51	LBO Price:	0.51	Exit Price:	1.08	Exit Price:	0.99
Outstanding Shares:	63,450,000	Outstanding Shares:	63,450,000	Outstanding Shares:	63,450,000	Outstanding Shares:	63,450,000
Market Capitalization:	32,359,500	Market Capitalization:	32,359,500	Market Capitalization:	68,574,618	Market Capitalization:	63,020,113
Available Cash:	3,730,000	Available Cash:	3,730,000	Available Cash:	35,970,609	Available Cash:	35,970,609
Debt:	19,910,000	Debt:	19,910,000	Debt:	19,910,000	Debt:	19,910,000
Net Cash:	-16,180,000	Net Cash:	-16,180,000	Net Cash:	16,060,609	Net Cash:	16,060,609
Enterprise Value:	48,539,500	Enterprise Value:	48,539,500	Enterprise Value:	52,514,009	Enterprise Value:	46,959,504
Original EV/EBITDA:	2.59	EV/EBITDA:	2.59	EV/EBITDA at 5 Years:	3.58	EV/EBITDA at 5 Years:	3.00
Original EV/EBITDA:	2.46	EV/EBITDA:	2.26	EV/EBITDA at 5 Years:	3.27	EV/EBITDA at 5 Years:	2.27
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:	0.51	0.45	0.52	0.61	0.71	0.82	0.96
Shares Outstanding:	63,450,000	63,450,000	63,450,000	63,450,000	63,450,000	63,450,000	63,450,000
Market Capitalization:	32,359,500	28,629,500	33,269,485	38,661,473	44,927,342	52,208,719	60,670,191
Available Cash:	0	0	4,636,624	10,085,522	16,097,482	22,923,019	35,970,609
Debt:	19,910,000	19,910,000	34,820,000	29,820,000	24,820,000	19,910,000	19,910,000
Net Cash:	-19,910,000	-19,910,000	-30,183,376	-19,734,478	-8,722,518	3,013,019	16,060,609
Enterprise Value:	52,269,500	48,539,500	63,452,861	58,395,951	53,649,860	49,195,700	44,609,582
EBIT	18,760,000	18,760,000	11,877,900	12,521,795	13,197,885	13,907,779	14,653,168
EV/EBIT:	2.79	2.59	5.34	4.66	4.07	3.54	3.04
EBITDA	21,520,000	21,520,000	17,262,298	17,987,153	18,483,629	19,158,716	20,706,323
EV/EBITDA:	2.43	2.26	3.68	3.25	2.90	2.57	2.15

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	0.51	0.45	0.01	0.20	0.40	0.61	0.85
Shares Outstanding:	63,450,000	63,450,000	63,450,000	63,450,000	63,450,000	63,450,000	63,450,000
Market Capitalization:	32,359,500	28,629,500	549,424	12,664,332	25,425,602	38,997,915	53,974,119
Available Cash:	0	0	4,636,624	10,085,522	16,097,482	22,923,019	35,970,609
Debt:	19,910,000	19,910,000	34,820,000	29,820,000	24,820,000	19,910,000	19,910,000
Net Cash:	-19,910,000	-19,910,000	-30,183,376	-19,734,478	-8,722,518	3,013,019	16,060,609
Enterprise Value:	52,269,500	48,539,500	30,732,800	32,398,810	34,148,120	35,984,895	37,913,510
EBIT	18,760,000	18,760,000	11,877,900	12,521,795	13,197,885	13,907,779	14,653,168
EV/EBIT:	2.79	2.59	2.59	2.59	2.59	2.59	2.59
EBITDA	21,520,000	21,520,000	17,262,298	17,987,153	18,483,629	19,158,716	20,706,323
EV/EBITDA:	2.43	2.26	1.78	1.80	1.85	1.88	1.83

LBO Price	0.51	Equity Partners:	52,269,500	Weighting	100.00%	Annualized Return for Equity Partners: 3.81%
Shares Outstanding	63,450,000	Debt Partners:	0		0.00%	
Market Capitalization	32,359,500	Total Funds for LBO:	52,269,500		100.00%	
Debt	19,910,000					
Cash	3,730,000					
Enterprise Value	48,539,500					
Capital Investment	52,269,500					

Book Value		Enterprise Value		Stock Valuation		Debt Reduction	
Beginning Book Value	24.10	Beginning Enterprise Value	48.54	Current Market Price	\$0.51	Starting Debt	0.00
Year 5 Book Value	67.54	Year 5 Enterprise Value	46.96	Year 5 Market Price	\$0.99	Debt Repayment	0.00
Annualized Return	22.89%	Annualized Return	-0.66%	Annualized Return	14.26%	Year 5 Ending Debt	-19.91
						% of Starting Debt	#DIV/0!

	Historical				Forecasted				
	12 months ending 2008-03-31	12 months ending 2009-03-31	12 months ending 2010-03-31	12 months ending 2011-03-31	2011	2012	2013	2014	2015
Revenue	87.74	112.56	119.01	183.97	183.97	193.17	202.83	212.97	223.62
COGS	58.84	80.56	82.62	130.60	128.78	135.22	141.98	149.08	156.53
Gross margin	28.90	32.00	36.39	55.37	55.19	57.95	60.85	63.89	67.09
SG&A	21.31	28.18	23.80	28.11	36.79	38.63	40.57	42.59	44.72
R&D	1.52	1.08	2.66	4.68	5.52	5.80	6.08	6.39	6.71
Unusual expense	0.00	27.89	0.00	0.87	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	0.99	2.34	1.74	0.95	1.00	1.00	1.00	1.00	1.00
Operating Income (EBITA)	5.08	-27.49	8.19	18.76	11.88	12.52	13.20	13.91	14.65
Interest income/(expense)	0.55	-2.55	-2.51	-1.71	-1.19	-0.79	-0.39	0.00	0.00
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	0.28	0.36	0.25	0.25	0.32	0.32	0.34	0.36	0.38
Income before tax	5.91	-29.68	5.93	17.30	10.36	11.41	12.47	13.55	14.28
Tax	2.74	2.93	1.47	6.36	3.11	3.42	3.74	4.06	4.28
Income after tax	3.17	-32.61	4.46	10.94	7.25	7.98	8.73	9.48	9.99
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	3.17	-32.61	4.46	10.94	7.25	7.98	8.73	9.48	9.99
*Figures are in millions (\$)									
Revenue Growth	N/A	28.29%	5.73%	54.58%	0.00%	5.00%	5.00%	5.00%	5.00%
Tax Rate	46.36%	-9.87%	24.79%	36.76%	30.00%	30.00%	30.00%	30.00%	30.00%
Implied Debt Interest Rate	2.09%	-8.91%	-13.69%	-8.59%	NA	15.86%	3.93%	0.00%	0.00%
Margins									
COGS	67.06%	71.57%	69.42%	70.99%	70.00%	70.00%	70.00%	70.00%	70.00%
Gross margin	32.94%	28.43%	30.58%	29.01%	30.00%	30.00%	30.00%	30.00%	30.00%
SG&A	24.29%	25.04%	20.00%	15.28%	20.00%	20.00%	20.00%	20.00%	20.00%
R&D	1.73%	0.96%	2.24%	2.54%	3.00%	3.00%	3.00%	3.00%	3.00%
Unusual expense	0.00%	24.78%	0.00%	0.47%	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	1.13%	2.08%	1.46%	0.52%	0.54%	0.52%	0.49%	0.47%	0.45%
Operating Income (EBITA)	5.79%	-24.42%	6.88%	10.20%	6.46%	6.48%	6.51%	6.53%	6.55%
Interest income/(expense)	0.63%	-2.27%	-2.11%	-0.93%	-0.65%	-0.41%	-0.19%	0.00%	0.00%
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	0.32%	0.32%	0.21%	0.14%	0.18%	0.17%	0.17%	0.17%	0.17%
Income before tax	6.74%	-26.37%	4.98%	9.40%	5.63%	5.90%	6.15%	6.36%	6.38%
Tax	3.12%	2.60%	1.24%	3.46%	1.69%	1.77%	1.84%	1.91%	1.92%
Income after tax	3.61%	-28.97%	3.75%	5.95%	3.94%	4.34%	4.74%	5.16%	5.43%
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	3.61%	-28.97%	3.75%	5.95%	3.94%	4.13%	4.30%	4.45%	4.47%

					Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	As of 2008-03-31	As of 2009-03-31	As of 2010-03-31	As of 2011-03-31	+	-						
Cash	0.00	0.00	0.00	0.00			0.00	4.64	10.09	16.10	22.92	35.97
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	0.00	0.00	0.00	0.00			0.00	4.64	10.09	16.10	22.92	35.97
Accounts Receivable	14.57	15.52	14.62	19.85			19.85	19.85	19.85	19.85	19.85	19.85
Other receivables	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	14.57	15.52	14.62	19.85			19.85	19.85	19.85	19.85	19.85	19.85
Deferred Income Tax	5.81	4.13	2.38	4.05			4.05	4.05	4.05	4.05	4.05	4.05
Total Inventory	20.55	17.77	16.98	27.98			27.98	27.98	27.98	27.98	27.98	27.98
Prepaid Expenses	0.00	0.00	1.41	2.34			2.34	2.34	2.34	2.34	2.34	2.34
Other Current Assets	2.96	1.51	0.02	0.09			0.09	0.09	0.09	0.09	0.09	0.09
Current Assets	43.89	38.93	35.41	54.31	0.00	0.00	54.31	58.95	64.40	70.41	77.23	90.28
PP&E, Gross	8.40	8.97	11.15	11.81			11.81	14.81	17.81	20.81	23.81	26.81
Change in Depreciation	2.91	4.19	2.76	2.76			2.76	5.38	5.47	5.29	5.25	6.05
Accumulated Depreciation	6.29	7.15	10.92	13.68			13.68	19.06	24.53	29.82	35.07	41.12
PP&E, Net	2.11	1.82	0.23	-1.87			-1.87	-4.25	-6.72	-9.01	-11.26	-14.31
Goodwill	35.70	8.47	8.47	10.46	0.00		10.46	10.46	10.46	10.46	10.46	10.46
Intangibles	8.32	5.12	2.83	5.61			5.61	5.61	5.61	5.61	5.61	5.61
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	1.30	1.26	1.39	1.23			1.23	1.23	1.23	1.23	1.23	1.23
Long Term Assets	53.72	23.82	12.92	15.43	0.00	0.00	15.43	13.05	10.58	8.29	6.04	2.99
Total Assets	91.32	55.60	51.55	75.53	0.00	0.00	69.74	71.99	74.98	78.70	83.28	93.27
Accounts Payable	16.28	13.53	11.87	13.70			13.70	13.70	13.70	13.70	13.70	13.70
Accrued Expense	6.86	5.93	7.99	11.05			11.05	11.05	11.05	11.05	11.05	11.05
Other current Liabilities	0.50	0.66	1.67	3.46			3.46	3.46	3.46	3.46	3.46	3.46
Total Current Liabilities	23.64	20.12	21.53	28.21	0.00	0.00	28.21	28.21	28.21	28.21	28.21	28.21
Notes Payables/Short Term Debt	11.47	14.12	3.83	19.91			19.91	19.91	19.91	19.91	19.91	19.91
Current port. Of LT Debt/Capital Leases	0.00	0.00	0.00	0.00			0.00	19.91	19.91	19.91	19.91	19.91
Long term Debt	14.90	14.50	14.50	0.00	0.00	0.00	0.00	-5.00	-10.00	-15.00	-19.91	-19.91
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	26.37	28.62	18.33	19.91	0.00	0.00	19.91	34.82	29.82	24.82	19.91	19.91
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	0.45	0.36	3.32			3.32	3.32	3.32	3.32	3.32	3.32
Total Liabilities	50.01	49.19	40.22	51.44	0.00	0.00	51.44	66.35	61.35	56.35	51.44	51.44
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	47.72	48.26	48.87	50.65		0.00	50.65	50.65	50.65	50.65	50.65	50.65
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	-9.32	-41.94	-37.48	-26.54		0.00	-26.54	-19.29	-11.30	-2.58	6.91	16.90
Treasury Stock	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	2.92	0.10	-0.06	-0.01		0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
Total Equity	41.32	6.42	11.33	24.10	0.00	0.00	24.10	31.35	39.34	48.06	57.55	67.54
Liability + Equity	91.33	55.61	51.55	75.54	0.00	0.00	75.54	97.70	100.69	104.41	108.99	118.98
Variance	-0.01	-0.01	0.00	-0.01			-5.80	-25.71	-25.71	-25.71	-25.71	-25.71
Debt/Equity	0.64	4.46	1.62	0.83			0.83	1.11	0.76	0.52	0.35	0.29
Inventory Turnover	4.27	6.33	7.01	6.58			6.58	6.58	6.90	7.25	7.61	7.99
Inventory Turnover Days	85.49	57.62	52.08	55.51			55.51	55.51	52.87	50.35	47.95	45.67
Days Inventory Outstanding	127.48	80.51	75.01	78.20			78.20	79.30	75.53	71.93	68.51	65.24
Accounts Receivable Turnover	6.02	7.25	8.14	9.27			9.27	9.27	9.73	10.22	10.73	11.27
Accounts Receivable Turnover Days	60.61	50.33	44.84	39.38			39.38	39.38	37.51	35.72	34.02	32.40
Days Payable Outstanding	100.99	61.30	52.44	38.29			38.29	38.83	36.98	35.22	33.54	31.95
Days Sales Outstanding	60.61	50.33	44.84	39.38			39.38	39.38	39.38	37.51	35.72	34.02
Cash Conversion Cycle	87.10	69.54	67.41	79.29			79.29	79.86	77.93	74.22	70.68	67.32

SN VALUATION

LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	1.49	4.64	5.45	6.01	6.83	13.05
Current Portion Debt Repayment						
Long Term Debt Repayment		5.00	5.00	5.00	4.91	
Outstanding Debt	19.91	14.91	9.91	4.91	0.00	0.00
Current Portion Debt Balance	19.91	19.91	19.91	19.91	19.91	19.91
Long Term Debt Balance	0.00	-5.00	-10.00	-15.00	-19.91	-19.91
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		1.19	0.79	0.39	0.00	0.00
Cash Balance		0.00				
Interest @ 1.0%		0.00	0.00	0.00	0.00	0.00
Net Interest Expense/(Income)		1.19	0.79	0.39	0.00	0.00
Net Interest Rate		#DIV/0!	-15.86%	-3.93%	0.00%	0.00%
EBITDA		11.88	12.52	13.20	13.91	14.65
EBITDA/Interest Expense Coverage		9.96	15.79	33.60	#DIV/0!	#DIV/0!

Interest Rate Coverage Table

Debt Rating					
AAA		AAA	AAA	#DIV/0!	#DIV/0!
AA	AA			#DIV/0!	#DIV/0!
A+				#DIV/0!	#DIV/0!
A				#DIV/0!	#DIV/0!
A-				#DIV/0!	#DIV/0!
BBB				#DIV/0!	#DIV/0!
BB+				#DIV/0!	#DIV/0!
BB				#DIV/0!	#DIV/0!
B+				#DIV/0!	#DIV/0!
B				#DIV/0!	#DIV/0!
B-				#DIV/0!	#DIV/0!
CCC				#DIV/0!	#DIV/0!
CC				#DIV/0!	#DIV/0!
C				#DIV/0!	#DIV/0!
D				#DIV/0!	#DIV/0!

*Source: NYU; Professor Damodaran