

Men's Wearhouse (MW)

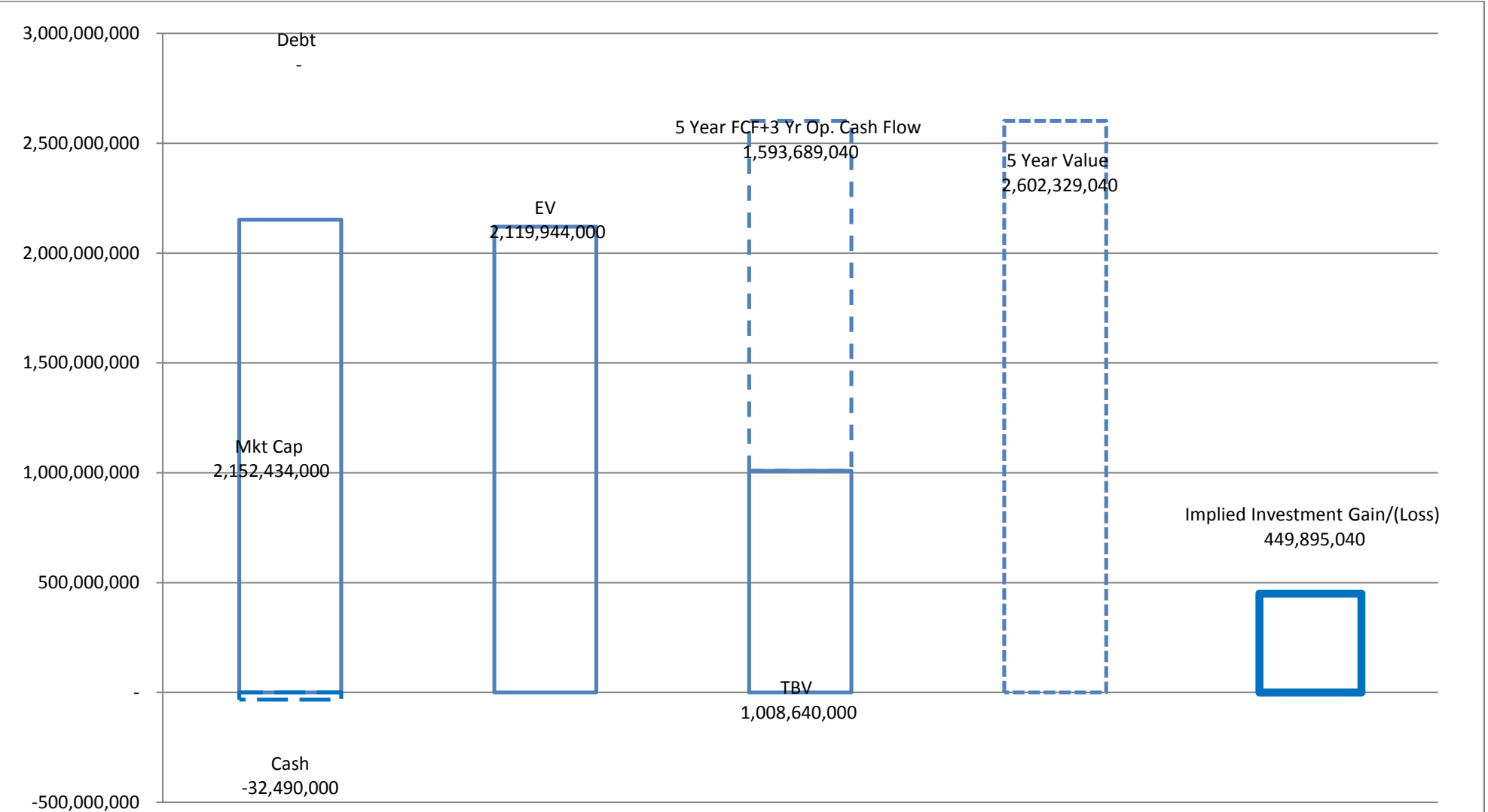
Price:	\$45.03	Net Tang. Bk Value Incl. Cash, Excl.	\$1,008,640,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$1,579,795,650.00
Market Cap:	\$2,152,434,000	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$199,211,130.00
Cash:	\$32,490,000	NTBVIC/Market Downside Recovery:	46.86%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$0	Op. Cash Flow:	\$199,211,130	Year 5 Disposition Price:	\$2,177,429,040.00
Net Cash:	\$32,490,000	Implied Years to Fill Gap:	5.74		
Enterprise Value:	\$2,119,944,000	Today's Equity if 5x Op. CF:	\$1,606,273,390		
		Net Tang. Book+ Gain Disposition:			\$2,177,429,040.00
Shares Outstanding:	47,800,000	IRR:			0.23%
		Price:			\$45.55
		Target Market Cap:			\$2,177,429,040
		Target Enterprise Value:			\$2,144,939,040

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

Stock jumped from \$32 to the current \$45 after the Co. rebuffed Jos. A Bank's offer.

The Co. has zero debt, fatty 55% GM, generates \$200MM in operating cash flow, \$120MM in capex expenditures.

The \$45 is in-line with the 5 year intrinsic value and we believe Jos. A Bank's made a good offer, and arguably understandable from the Co's shareholders perspective to reject the offer placed at intrinsic value.



The Men's Wearhouse, Inc., began operations in 1973 as a partnership and was incorporated as The Men's Wearhouse, Inc. under the laws of Texas in May 1974. The Company is a specialty retailer of men's suits and a provider of tuxedo rental product in the United States and Canada. At February 2, 2013, the company operated 1,143 retail stores, with 1,023 stores in the U.S. and 120 stores in Canada. Its U.S. retail stores are operated under the brand names of Men's Wearhouse (638 stores), Men's Wearhouse and Tux (288 stores) and K&G (97 stores) in 50 states and the District of Columbia. Canadian stores are operated under the brand name of Moores Clothing for Men in ten provinces. The Men's Wearhouse and Tux stores formerly operated under the brand name of MW Tux and were renamed during the first quarter of 2009 to Men's Wearhouse and Tux. The Company also operates a corporate apparel and uniform program (operated as Twin Hill) and, in the Houston, Texas area, a retail dry cleaning and laundry business (operated as MW Cleaners). Under the K&G brand, the company seeks the more price sensitive customer. In addition, it offers customers a variety of services, including alterations and its loyalty program, and its K&G stores offer ladies' career apparel, sportswear and accessories, including shoes, and children's apparel. The Men's Wearhouse and Moores sales personnel are trained as clothing consultants to provide customers with assistance and advice on their apparel needs, including product style, color coordination, fabric choice and garment fit. The Company's retail apparel stores offer a selection of exclusive and non-exclusive men's business attire, including a consistent stock of core items (such as basic suits, navy blazers and tuxedos) and a selection of "Big and Tall" product. Its inventory mix includes business, business casual, casual and formal merchandise designed to meet the demand of its customers. This merchandise consists of tailored and non-tailored clothing (sport coats, casual slacks, knits and woven sports shirts, sweaters and casual shoes) that complements the existing product mix and provides opportunity for enhanced sales without significant inventory risk. The Company purchases merchandise and tuxedo rental product from approximately 800 vendors. It is the owner in the U.S. and selected other countries of the trademarks and service marks THE MEN'S WEARHOUSE, and MW MEN'S WEARHOUSE and design, and WEARHOUSE, and of federal registrations therefore. Its competitors include specialty men's clothing stores, traditional department stores, off-price retailers, manufacturer-owned and independently-owned outlet stores and their e-commerce channels and independently owned tuxedo rental stores.

Company Name:	Men's Wearhouse
Ticker Symbol:	MW
Last Price:	\$45.03
Net Cash/Share:	\$0.68
Net Cash to Last Price:	1.51%
Shares Outstanding:	47,800,000
Industry:	Apparel Stores
Sector:	Consumer Cyclical
Institutional Ownership:	#VALUE!
Mutual Fund Ownership:	58.68%
Insider Ownership:	1.39%
Float:	98.00%

Market Capitalization:	\$2,152,434,000.00
Total Debt:	\$0.00
Total Cash:	\$32,490,000.00
Net Cash/(Debt):	\$32,490,000.00
Enterprise Value:	\$2,119,944,000.00
Current EV/Share:	\$44.35
EBITDA:	\$283,550,000.00
EV/EBITDA Multiple:	7.48
EV/EBITDA Multiple Average Year 1-5:	8.18
EV/FCF Multiple (excluding acquisition):	20.33
EV/FCF Multiple Average Year 1-5 (excluding acquisition):	26.76

Income Statement		
Revenue:	\$2,500,000,000.00	100.0%
Cost of Goods Sold:	\$1,391,850,000.00	55.7%
Gross Profit:	\$1,108,150,000.00	44.3%
EBITDA:	\$284,890,000.00	11.4%
Net Income:	\$120,540,000.00	4.8%

Balance Sheet	
Cash:	\$32,490,000.00
Short Term Investment:	\$0.00
A/R:	\$63,000,000.00
PP&E:	\$355,000,000.00
Assets:	\$1,392,360,000.00

A/P:	\$124,000,000.00
Deferred Tax:	\$32,160,000.00
Other Liabilities:	\$255,840,000.00
Short term Debt:	\$0.00
Long Term Debt:	\$0.00
Liabilities:	\$412,000,000.00
Retained Earnings:	\$1,190,000,000.00
Paid-In Capital:	\$387,720,000.00
Treasury Stock:	-\$518,000,000.00
Stockholder's Equity:	\$1,096,640,000.00

Technicals	
52 week low:	\$27.42
Today from 52 week low:	64.22%
52 week high:	\$45.56
Today from 52 week high:	1.18%
Analyst/Consensus	
Analyst Sales Growth FY1:	0.40%
Analyst Sales Growth FY2:	3.20%
SN Valuation Estimate FY1:	0.00%
SN Valuation Estimate FY2:	0.00%

Upper Range	
DCF: EV/EBITDA Terminal Value	
Implied TV from 3 X EV/EBITDA Multiple	\$522,538,800.00
Enterprise Value	\$522,538,800.00
Cash at Year 5:	\$428,545,650.00
Debt at Year 5:	\$0.00
Equity Value Year 5:	\$951,084,450.00
Equity/Share at Year 5:	\$19.90
Annualized Return:	-15.07%

Lower Range	
DCF: Net Tangible Asset excluding Cash/Debt Terminal Value	
Year 5 Net Tangible Assets excluding cash and debt	\$422,760,000.00
Enterprise Value	\$422,760,000.00
Cash at Year 5:	\$428,545,650.00
Debt at Year 5:	\$0.00
Equity Value Year 5:	\$851,305,650.00
Equity/Share at Year 5:	\$17.81
Annualized Return:	-16.93%

Analyst Earnings Estimate FY1:	\$2.47
Analyst Earnings Estimate FY2:	\$2.74
SN Valuation Earnings Est. FY1:	\$2.39
SN Valuation Earnings Est. FY2:	\$2.39

Multiples	
Market Value to Book:	1.96
EV to Book:	1.93
Market Value to Tangible Net Assets:	5.09
P/E Ratio:	17.86
Trailing P/E Ratio:	18.72
Forward P/E Ratio:	16.23
Beta:	1.5
Dividend:	0.72
Dividend Yield:	1.62%
Dividend Date:	Sep 27, 2013
Ex-Dividend Date:	Sep 13, 2013

EVA	
EVA today:	\$1,108,670,874.85
EVA in 5 Years:	\$1,073,596,037.65
EVA/Share:	\$22.46
Cash at Year 5:	\$428,545,650.00
Debt at Year 5:	\$0.00
Equity Value Year 5:	\$1,502,141,687.65
Equity/Share at Year 5:	\$31.43
Annualized return	-0.64%

Cash Flow	
Net Income:	132,060,000.00
Depreciation/Amortization:	84,980,000.00
Change in Working capital:	-41,800,000.00
Cash from Operating Activities:	225,730,000.00
Capital Expenditures:	-121,430,000.00
Cash from Investing Activities:	-123,470,000.00
Total Cash Dividends Paid:	-37,080,000.00
Issuance (Retirement) of Stock:	-32,840,000.00
Issuance (Retirement) of Debt:	0.00
Cash from Financing Activities:	-71,350,000.00

Competitors	
Average EV to EBITDA:	N/A
Company EV to EBITDA:	7.48
Average EV to EBIT:	N/A
Company EV to EBITA:	10.68

Current Net Tangible Asset	
Net Tangible Asset/Share:	\$17.98
Net Tangible Asset/Share in Year 5:	\$29.93
Annualized return	10.73%
Current Equity Price:	\$45.03
Selling at Discount?	Premium
Appreciation Potential:	-60.07%

Profitability Margins	
Debt to Equity:	0.00%
Return on Assets:	9.46%
Return on Capital:	12.01%
Return on Equity:	12.01%

SN VALUATION

LBO Pro Forma Income Statement

Name:

Men's Wearhouse

Ticker:

MW

	Historical				Forecasted				
	12 months ending 2010-01-30	12 months ending 2011-01-29	12 months ending 2012-01-28	12 months ending 2013-02-02	2013	2014	2015	2016	2017
Revenue	1,909.58	2,102.66	2,382.68	2,488.28	2,488.28	2,488.28	2,488.28	2,488.28	2,488.28
COGS	1,110.68	1,204.23	1,333.76	1,380.13	1,393.44	1,393.44	1,393.44	1,393.44	1,393.44
Gross margin	798.90	898.43	1,048.92	1,108.15	1,094.84	1,094.84	1,094.84	1,094.84	1,094.84
SG&A	710.05	790.91	861.45	909.19	920.66	920.66	920.66	920.66	920.66
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	19.47	5.85	2.04	0.48	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)	69.38	101.67	185.43	198.57	174.18	174.18	174.18	174.18	174.18
Interest income/(expense)	-0.34	-1.14	-1.02	-0.90	1.56	1.56	1.56	1.56	1.56
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	69.04	100.53	184.41	197.67	175.74	175.74	175.74	175.74	175.74
Tax	22.82	32.85	63.94	65.61	61.51	61.51	61.51	61.51	61.51
Income after tax	46.22	67.68	120.47	132.06	114.23	114.23	114.23	114.23	114.23
Minority Interest	0.00	0.02	0.14	-0.35	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	46.22	67.70	120.60	131.72	114.23	114.23	114.23	114.23	114.23
* Figures are in millions (\$)									
EPS (based off today's share count)	\$0.97	\$1.42	\$2.52	\$2.76	\$2.39	\$2.39	\$2.39	\$2.39	\$2.39
P/E (historical today's price; forecasted intrinsic price)	46.57	31.79	17.85	16.34	18.89	18.93	18.97	19.02	19.06
Revenue Growth	N/A	10.11%	13.32%	4.43%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	33.05%	32.68%	34.67%	33.19%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-0.78%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Margins									
COGS	58.16%	57.27%	55.98%	55.47%	56.00%	56.00%	56.00%	56.00%	56.00%
Gross margin	41.84%	42.73%	44.02%	44.53%	44.00%	44.00%	44.00%	44.00%	44.00%
SG&A	37.18%	37.61%	36.15%	36.54%	37.00%	37.00%	37.00%	37.00%	37.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	1.02%	0.28%	0.09%	0.02%	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)	3.63%	4.84%	7.78%	7.98%	7.00%	7.00%	7.00%	7.00%	7.00%
Interest income/(expense)	-0.02%	-0.05%	-0.04%	-0.04%	0.06%	0.06%	0.06%	0.06%	0.06%
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	3.62%	4.78%	7.74%	7.94%	7.06%	7.06%	7.06%	7.06%	7.06%
Tax	1.20%	1.56%	2.68%	2.64%	2.47%	2.47%	2.47%	2.47%	2.47%
Income after tax	2.42%	3.22%	5.06%	5.31%	4.59%	4.59%	4.59%	4.59%	4.59%
Minority Interest	0.00%	0.00%	0.01%	-0.01%	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	2.42%	3.22%	5.06%	5.29%	4.59%	4.59%	4.59%	4.59%	4.59%

	As of 2010-01-30	As of 2011-01-29	As of 2012-01-28	As of 2013-02-02	As of 2013-08-03	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	186.02	136.37	125.31	156.06	32.49			32.49	111.70113	190.91	270.12	349.33	428.55
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
Cash and Short term	186.02	136.37	125.31	156.06	32.49			32.49	111.70	190.91	270.12	349.33	428.55
Accounts Receivable	16.75	60.61	56.67	63.01	63.00			63.00	63.00	63.00	63.00	63.00	63.00
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	16.75	60.61	56.67	63.01	63.00			63.00	63.00	63.00	63.00	63.00	63.00
Total Inventory	434.88	486.50	572.50	556.53	599.81			599.81	599.81	599.81	599.81	599.81	599.81
Prepaid Expenses	30.90	31.01	32.27	35.40	35.73			35.73	35.73	35.73	35.73	35.73	35.73
Other Current Assets	40.53	36.59	37.08	36.11	34.67			34.67	34.67	34.67	34.67	34.67	34.67
Current Assets	709.08	751.08	823.83	847.11	765.70	0.00	0.00	765.70	844.91113	924.12	1,003.33	1,082.54	1,161.76
PP&E, Gross	866.00	910.00	966.92	0.00	967.00			967.00	1,087.00	1,207.00	1,327.00	1,447.00	1,567.00
Change in Depreciation	86.09	76.00	75.97	84.98	84.98			84.98	84.98	84.98	84.98	84.98	84.98
Accumulated Depreciation	521.26	577.39	611.21	0.00	612.00			612.00	696.98	781.96	866.94	951.92	1,036.90
PP&E, Net	344.74	332.61	355.71	0.00	355.00			355.00	390.02	425.04	460.06	495.08	530.10
Goodwill	59.41	87.99	87.78	87.83	88.00	0.00		88.00	88.00	88.00	88.00	88.00	88.00
Intangibles	4.29	37.35	33.71	32.44	33.00			33.00	33.00	33.00	33.00	33.00	33.00
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	115.33	98.36	103.36	131.80	150.66			150.66	150.66	150.66	150.66	150.66	150.66
Long Term Assets	523.77	556.31	580.56	252.07	626.66			626.66	661.68	696.70	731.72	766.74	801.76
Total Assets	1,232.85	1,307.39	1,404.39	1,099.18	1,392.36	0.00	0.00	1,392.36	1,506.59	1,620.82	1,735.05	1,849.28	1,963.52
Accounts Payable	83.05	123.88	123.44	123.98	124.00			124.00	124.00	124.00	124.00	124.00	124.00
Accrued Expense	76.38	92.79	103.70	105.42	106.00			106.00	106.00	106.00	106.00	106.00	106.00
Other current Liabilities	64.60	49.98	54.12	64.78	76.03			76.03	76.03	76.03	76.03	76.03	76.03
Total Current Liabilities	224.03	266.65	281.26	294.18	306.03	0.00	0.00	306.03	306.03	306.03	306.03	306.03	306.03
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	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	43.49	0.00	0.00	0.00	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	0.00
Total Interest Earning Debt	43.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Income tax	10.98	15.08	34.81	38.81	32.16			32.16	32.16	32.16	32.16	32.16	32.16
Minority Interest	0.00	12.90	12.66	12.98	12.54			12.54	12.54	12.54	12.54	12.54	12.54
Other liabilities	51.26	54.73	58.05	54.12	61.27			61.27	61.27	61.27	61.27	61.27	61.27
Total Liabilities	329.76	349.36	386.78	400.09	412.00	0.00	0.00	412.00	412.00	412.00	412.00	412.00	412.00
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	0.70	0.71	0.72	0.72	0.72		0.00	0.72	0.72	0.72	0.72	0.72	0.72
Additional Paid-in capital	327.74	341.66	362.74	386.25	387.00	0.00	0.00	387.00	387.00	387.00	387.00	387.00	387.00
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	956.03	1,002.98	1,095.54	1,190.25	1,190.00			1,190.00	1,304.23	1,418.46	1,532.69	1,646.92	1,761.16
Treasury Stock	-412.63	-412.76	-476.75	-517.89	-518.00		0.00	-518.00	-518.00	-518.00	-518.00	-518.00	-518.00
Other Equity	32.54	38.37	36.92	36.92	36.92			36.92	36.92	36.92	36.92	36.92	36.92
Total Equity	904.38	970.96	1,019.17	1,096.25	1,096.64	0.00	0.00	1,096.64	1,210.87	1,325.10	1,439.33	1,553.56	1,667.80
Liability + Equity	1,234.14	1,320.32	1,405.95	1,496.34	1,508.64	0.00	0.00	1,508.64	1,622.87	1,737.10	1,851.33	1,965.56	2,079.80
Variance	-1.29	-12.93	-1.56	-397.16	-116.28			-116.28	-116.28	-116.28	-116.28	-116.28	-116.28
Debt/Equity	0.05	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Inventory Turnover	4.39	4.32	4.16	4.47	4.15			4.15	4.15	4.15	4.15	4.15	4.15
Inventory Turnover Days	83.12	84.45	87.70	81.64	87.98			87.98	87.98	87.98	87.98	87.98	87.98
Days Inventory Outstanding	142.91	147.46	156.67	147.18	157.12			158.63	157.12	157.12	157.12	157.12	157.12
Accounts Receivable Turnover	114.00	34.69	42.04	39.49	39.50			39.50	39.50	39.50	39.50	39.50	39.50
Accounts Receivable Turnover Days	3.20	10.52	8.68	9.24	9.24			9.24	9.24	9.24	9.24	9.24	9.24
Days Payable Outstanding	27.29	37.55	33.78	32.79	32.48			32.79	32.48	32.48	32.48	32.48	32.48
Days Sales Outstanding	3.20	10.52	8.68	9.24	9.24			9.24	9.24	9.24	9.24	9.24	9.24
Cash Conversion Cycle	118.82	120.43	131.57	123.64	133.88			135.08	133.88	133.88	133.88	133.88	133.88
Net tangible assets/share	\$17.59	\$17.69	\$18.78	\$20.42	\$20.41			\$22.80	\$25.19	\$27.58	\$29.97	\$32.36	\$32.36

	12 months ending 2010-01-30	12 months ending 2011-01-29	12 months ending 2012-01-28	12 months ending 2013-02-02	2011	2012	2013	2014	2015
Net Income	46.22	67.68	120.47	132.06	114.23	114.23	114.23	114.23	114.23
Depreciation	86.09	76.00	75.97	84.98	84.98	84.98	84.98	84.98	84.98
Net Income + Depreciation	132.31	143.68	196.44	217.04	199.21	199.21	199.21	199.21	199.21
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	-30.16	8.73	29.43	5.18	0.00	0.00	0.00	0.00	0.00
Non Cash Items	70.52	52.82	46.66	45.30	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-9.50	-35.29	-109.72	-41.80	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-43.86	3.94	-6.94	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	-51.62	-86.00	15.97	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-0.11	-1.26	-3.13	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	40.83	-0.44	0.54	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	163.17	169.94	162.81	225.72	199.21	199.21	199.21	199.21	199.21
Capital Expenditures Expenditures	-56.91	-58.87	-91.82	-121.43	-120.00	-120.00	-120.00	-120.00	-120.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	20.21	-97.71	0.06	-2.04	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-36.70	-156.58	-91.76	-123.47	-120.00	-120.00	-120.00	-120.00	-120.00
Financing Cash flow items	-1.24	-3.22	-1.05	-1.42	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-14.72	-19.11	-25.10	-37.08	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	4.02	3.76	-55.63	-32.84	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	-25.00	-46.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-36.94	-65.31	-81.78	-71.34	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	9.10	2.29	-0.32	-0.15	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	87.41	186.02	136.37	125.31	32.49	111.70	190.91	270.12	349.33
Net Change in Cash	98.61	-49.65	-11.06	30.76	79.21	79.21	79.21	79.21	79.21
Ending Cash Balance	186.02	136.37	125.31	156.07	111.70	190.91	270.12	349.33	428.55
Capex to Revenue	2.98%	2.80%	3.85%	4.88%	4.82%	4.82%	4.82%	4.82%	4.82%
Depreciation to Sales	4.51%	3.61%	3.19%	3.42%	3.42%	3.42%	3.42%	3.42%	3.42%
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	0.88%	2.88%	2.38%	2.53%	2.53%	2.53%	2.53%	2.53%	2.53%
Distributable FCF/EV Yield	5.97%	0.63%	3.35%	4.82%	3.74%	3.74%	3.74%	3.74%	3.74%
Dividend Yield	-0.68%	-0.89%	-1.17%	-1.72%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	120.98	130.18	96.09	141.37	79.21	79.21	79.21	79.21	79.21

SN VALUATION

LBO Debt Schedule

Ticker:

MW

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	30.76	79.21	79.21	79.21	79.21	79.21
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	0.00	0.00	0.00	0.00	0.00	0.00
Current Portion Debt Balance	0.00	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		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		7.00%	7.00%	7.00%	7.00%	7.00%
Interest Rate		10.00%	10.00%	10.00%	10.00%	10.00%
Interest Expense		0.00	0.00	0.00	0.00	0.00
Cash Balance		156.06				
Interest @ 1.0%		1.56	1.56	1.56	1.56	1.56
Net Interest Expense/(Income)		(1.56)	(1.56)	(1.56)	(1.56)	(1.56)
Net Interest Rate		N/A	N/A	N/A	N/A	N/A
EBITDA		174.18	174.18	174.18	174.18	174.18
EBITDA/Interest Expense Coverage		N/A	N/A	N/A	N/A	N/A

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Men's Wearhouse

Ticker:

MW

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	485.05	484.43	542.57	459.67	538.88	618.09	697.30	776.51	855.73
Total Assets	1,232.85	1,307.39	1,404.39	1,392.36	1,506.59	1,620.82	1,735.05	1,849.28	1,963.52
X1	0.39	0.37	0.39	0.33	0.36	0.38	0.40	0.42	0.44
Retained Earnings	956.03	1,002.98	1,095.54	1,190.00	1,304.23	1,418.46	1,532.69	1,646.92	1,761.16
Total Assets	1,232.85	1,307.39	1,404.39	1,392.36	1,506.59	1,620.82	1,735.05	1,849.28	1,963.52
X2	0.78	0.77	0.78	0.85	0.87	0.88	0.88	0.89	0.90
EBITDA	69.38	101.67	185.43	198.57	174.18	174.18	174.18	174.18	174.18
Total Assets	1,232.85	1,307.39	1,404.39	1,392.36	1,506.59	1,620.82	1,735.05	1,849.28	1,963.52
X3	0.06	0.08	0.13	0.14	0.12	0.11	0.10	0.09	0.09
Market Value of Equity	2,152.43	2,152.43	2,152.43	2,152.43	2,157.41	2,162.40	2,167.40	2,172.41	2,177.43
Total Liabilities	329.76	349.36	386.78	412.00	412.00	412.00	412.00	412.00	412.00
X4	6.53	6.16	5.57	5.22	5.24	5.25	5.26	5.27	5.29
Net Sales	1,909.58	2,102.66	2,382.68	2,488.28	2,488.28	2,488.28	2,488.28	2,488.28	2,488.28
Total Assets	1,232.85	1,307.39	1,404.39	1,392.36	1,506.59	1,620.82	1,735.05	1,849.28	1,963.52
X5	1.55	1.61	1.70	1.79	1.65	1.54	1.43	1.35	1.27
Altman Z Score	7.21	7.08	7.03	6.99	6.82	6.72	6.64	6.57	6.51

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

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
Tangible Book Value	1,008.64	1,122.87	1,237.10	1,351.33	1,465.56	1,579.80				1,579.80
Annual Change		114.23	114.23	114.23	114.23	114.23				
Annual FCF	104.29	79.21	79.21	79.21	79.21	79.21	79.21	79.21	79.21	237.63
Annual Op. Cash Flow	225.72	199.21	199.21	199.21	199.21	199.21	199.21	199.21	199.21	
Annual PP&E Investment	(121.43)	(120.00)	(120.00)	(120.00)	(120.00)	(120.00)	(120.00)	(120.00)	(120.00)	
Today's Tangible Book Value	1,008.64	1,103.34	1,206.93	1,320.25	1,444.20	1,579.80				1,817.43
Intrinsic Value IRR	9.39%									
Market Price	2,152.43	2,080.82	2,011.60	1,944.67	1,879.97	1,817.43				1,817.43
Market Price IRR	-3.33%									

Debt	50.00%	1,076.22
Equity	50.00%	1,076.22
Total	100.00%	2,152.43

	Present Value	Holding Period					Terminal Value			Sale Price	
	Historic	ProForma	1	2	3	4	5	6	7	8	
Book Equity	1096.64	1,076.22	1,119.48	1,162.74	1,206.00	1,249.27	1,292.53				
Goodwill	88	1,143.79	1,143.79	1,143.79	1,143.79	1,143.79	1,143.79				
Debt	0	1,076.22	1,076.22	1,076.22	1,076.22	1,076.22	1,076.22				
Debt Interest Rate		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%				
Additional Interest Expense		109.18	109.18	109.18	109.18	109.18					
Tangible Book Value	1008.64	-67.58	-24.31	18.95	62.21	105.47	148.74				148.74
Annual Change			43.26	43.26	43.26	43.26	43.26				
Annual FCF	104.29		8.24	8.24	8.24	8.24	8.24	8.24	8.24	8.24	24.73
Annual Net Income	131.72		43.26	43.26	43.26	43.26	43.26	43.26	43.26	43.26	
Annual Op. Cash Flow	225.72		128.24	128.24	128.24	128.24	128.24	128.24	128.24	128.24	
Dividend Payments											
Annual PP&E Investment	(121.43)		(120.00)	(120.00)	(120.00)	(120.00)	(120.00)	(120.00)	(120.00)	(120.00)	
Debt Paydown	0.00										
Sale Price in Year 5											173.46
Capital Left for Equity Investor											173.46
Dividend Payments											0.00
Total Cash In Flow											173.46
Invested Equity	1,076.22	747.07	518.59	359.99	249.89	173.46					
IRR	-30.58%										

We assume the debt taken on by the investor is now on the Co's books, so the investor has no more liability from the deal.

<u>Value Creation</u>	
TBV Growth (equals sum of NI Year 1-5)	216.31
Cash Flow (Year 6-8)	24.73
	241.04

<u>Value Dilution</u>	
Debt	1,076.22
Goodwill	1,055.79
Additional Interest	545.91
	2,677.92