

Analyst: Sung Nam

Multiband Corp (MBND)

| | | | | | |
|--------------------------------------|----------------|---|---------------|-------------------------|----------------|
| Market Price: | \$3.47 | EBITDA/Share: | \$1.41 | Net Asset/Share: | -\$1.63 |
| DCF: EV/EBITDA Terminal Value | 15.505% | DCF: Net Tangible Asset excluding Cash/Debt Terminal Value | | -15.787% | |
| EBITDA-Cap Ex/Share | \$0.88 | EVA Analysis: | | 16.801% | |

Overview**Dividend?**

Dividend yield is 0.0%.

Price to Book

Price to book is 3.70. Price to book excluding goodwill is -2.13.

Cashflow Generation

Cashflows are \$17 MM from operating cashflow.

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

Free cash flow is about \$16 MM.

5.2% EBITA margin and FCF yield is 12.5%.

The company has \$1 MM in cash/short term investment and \$40 MM in debt.

We are projecting a \$5 MM paydown annually.

Profitability

ROA is 13.2%, and ROC is 72.6%.

Bankruptcy Risk

Altman Z is above 2.4, but we forecast an improvement over the next couple years to above 3.0.

LBO?

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

Price

Altman Z Score

Company Name:

Multiband Corp

Ticker:

MBND

| Period | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Working Capital | -8.62 | -2.78 | -26.54 | -6.22 | -0.80 | 6.81 | 15.41 | 25.03 | 35.67 |
| Total Assets | 8.89 | 26.04 | 99.53 | 111.67 | 111.34 | 112.91 | 115.20 | 118.22 | 122.00 |
| X1 | -0.97 | -0.11 | -0.27 | -0.06 | -0.01 | 0.06 | 0.13 | 0.21 | 0.29 |
| Retained Earnings | -78.17 | -81.31 | -94.94 | -81.74 | -75.37 | -68.30 | -60.51 | -51.99 | -42.71 |
| Total Assets | 8.89 | 26.04 | 99.53 | 111.67 | 111.34 | 112.91 | 115.20 | 118.22 | 122.00 |
| X2 | -8.79 | -3.12 | -0.95 | -0.73 | -0.68 | -0.60 | -0.53 | -0.44 | -0.35 |
| EBITDA | -2.14 | 3.93 | 3.68 | 21.97 | 22.31 | 22.98 | 23.67 | 24.38 | 25.11 |
| Total Assets | 8.89 | 26.04 | 99.53 | 111.67 | 111.34 | 112.91 | 115.20 | 118.22 | 122.00 |
| X3 | -0.24 | 0.15 | 0.04 | 0.20 | 0.20 | 0.20 | 0.21 | 0.21 | 0.21 |
| Market Value of Equity | 74.95 | 74.95 | 74.95 | 74.95 | 80.39 | 86.22 | 92.47 | 99.18 | 106.37 |
| Total Liabilities | 8.22 | 20.40 | 94.43 | 91.43 | 86.35 | 81.35 | 76.35 | 71.35 | 66.35 |
| X4 | 9.12 | 3.67 | 0.79 | 0.82 | 0.93 | 1.06 | 1.21 | 1.39 | 1.60 |
| Net Sales | 15.09 | 42.99 | 268.99 | 265.59 | 278.87 | 287.24 | 295.85 | 304.73 | 313.87 |
| Total Assets | 8.89 | 26.04 | 99.53 | 111.67 | 111.34 | 112.91 | 115.20 | 118.22 | 122.00 |
| X5 | 1.70 | 1.65 | 2.70 | 2.38 | 2.50 | 2.54 | 2.57 | 2.58 | 2.57 |
| Altman Z Score | -7.10 | -0.15 | 1.65 | 2.43 | 2.77 | 3.08 | 3.40 | 3.73 | 4.07 |

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

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: | 4.92 | Non-LBO Forecast | Non-LBO Forecast |
| EV/EBITDA with 5X Multiple Terminal Value: | \$7.13 | Market Price: | 3.47 | Year 1 Target | 3.72 |
| Net Tangible Asset Terminal Value: | \$1.47 | LBO Price: | 3.47 | Year 2 Target | 3.99 |
| EV/EBITDA with Today's Multiple Terminal Value: | \$4.81 | Premium to Market Price: | 0.00% | Year 3 Target | 4.28 |
| EVA Enterprise Value: | \$6.29 | LBO Price/Intrinsic Price Target: | 7.25% | Year 4 Target | 4.59 |
| Dividend Discount Model: | N/A | LBO Price/EV/EBIT Exit Price: | -1.94% | Year 5 Target | 4.92 |
| Average (Excluding Dividend Discount): | \$4.92 | Implied IRR at today's EV/EBITDA: | 6.74% | Implied IRR (Market Price): | 7.25% |
| | | 5 Year Return: | 41.92% | | |
| | | | | Desired Return Rate | 20.00% |
| | | | | Implied Today's Price | 1.98 |
| | | | | Overvalued/(Undervalued) | 75.33% |

| Current Evaluation | | | | Exit Evaluation | | | |
|-------------------------------|--------------------|-------------------------------|--------------------|-------------------------------|--------------------|-------------------------------|--------------------|
| Current Market Price: | 3.47 | LBO Price: | 3.47 | Exit Price: | 4.92 | Exit Price: | 4.81 |
| Outstanding Shares: | 21,600,000 | Outstanding Shares: | 21,600,000 | Outstanding Shares: | 21,600,000 | Outstanding Shares: | 21,600,000 |
| Market Capitalization: | 74,952,001 | Market Capitalization: | 74,952,000 | Market Capitalization: | 106,373,001 | Market Capitalization: | 103,873,637 |
| Available Cash: | 1,210,000 | Available Cash: | 1,210,000 | Available Cash: | 43,104,818 | Available Cash: | 43,104,818 |
| Debt: | 39,630,000 | Debt: | 39,630,000 | Debt: | 14,560,000 | Debt: | 14,560,000 |
| Net Cash: | -38,420,000 | Net Cash: | -38,420,000 | Net Cash: | 28,544,818 | Net Cash: | 28,544,818 |
| Enterprise Value: | 113,372,001 | Enterprise Value: | 113,372,000 | Enterprise Value: | 77,828,183 | Enterprise Value: | 75,328,819 |
| Original EV/EBITDA: | 8.29 | EV/EBITDA: | 8.29 | EV/EBITDA at 5 Years: | 5.15 | EV/EBITDA at 5 Years: | 3.00 |
| Original EV/EBITDA: | 3.73 | EV/EBITDA: | 5.16 | EV/EBITDA at 5 Years: | 4.08 | EV/EBITDA at 5 Years: | 3.02 |
| 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: | 3.47 | 3.47 | 3.72 | 3.99 | 4.28 | 4.59 | 4.92 |
| Shares Outstanding: | 21,600,000 | 21,600,000 | 21,600,000 | 21,600,000 | 21,600,000 | 21,600,000 | 21,600,000 |
| Market Capitalization: | 74,952,000 | 74,942,000 | 80,377,578 | 86,207,401 | 92,460,064 | 99,166,235 | 106,358,809 |
| Available Cash: | 1,210,000 | 1,210,000 | 6,633,465 | 14,236,126 | 22,842,535 | 32,461,876 | 43,104,818 |
| Debt: | 39,640,000 | 39,640,000 | 34,560,000 | 29,560,000 | 24,560,000 | 19,560,000 | 14,560,000 |
| Net Cash: | -38,430,000 | -38,430,000 | -27,926,535 | -15,323,874 | -1,717,465 | 12,901,876 | 28,544,818 |
| Enterprise Value: | 113,382,000 | 113,372,000 | 108,304,114 | 101,531,275 | 94,177,529 | 86,264,360 | 77,813,991 |
| EBIT | 13,670,000 | 13,670,000 | 12,309,560 | 12,978,847 | 13,668,212 | 14,378,259 | 15,109,606 |
| EV/EBIT: | 8.29 | 8.29 | 8.80 | 7.82 | 6.89 | 6.00 | 5.15 |
| EBITDA | 21,970,000 | 21,970,000 | 21,024,560 | 21,955,297 | 22,913,956 | 23,901,374 | 24,918,416 |
| EV/EBITDA: | 5.16 | 5.16 | 5.15 | 4.62 | 4.11 | 3.61 | 3.12 |

| Enterprise Valuation Calculation During Holding Period | | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Time Period | 0 | Adjusted for LBO | 1 | 2 | 3 | 4 | 5 |
| Annualized Price Targets based off LBO Price: | 3.47 | 3.47 | 3.43 | 4.27 | 5.17 | 6.12 | 7.12 |
| Shares Outstanding: | 21,600,000 | 21,600,000 | 21,600,000 | 21,600,000 | 21,600,000 | 21,600,000 | 21,600,000 |
| Market Capitalization: | 74,952,000 | 74,942,000 | 74,162,670 | 92,316,054 | 111,639,708 | 132,147,811 | 153,856,178 |
| Available Cash: | 1,210,000 | 1,210,000 | 6,633,465 | 14,236,126 | 22,842,535 | 32,461,876 | 43,104,818 |
| Debt: | 39,640,000 | 39,640,000 | 34,560,000 | 29,560,000 | 24,560,000 | 19,560,000 | 14,560,000 |
| Net Cash: | -38,430,000 | -38,430,000 | -27,926,535 | -15,323,874 | -1,717,465 | 12,901,876 | 28,544,818 |
| Enterprise Value: | 113,382,000 | 113,372,000 | 102,089,205 | 107,639,928 | 113,357,173 | 119,245,935 | 125,311,360 |
| EBIT | 13,670,000 | 13,670,000 | 12,309,560 | 12,978,847 | 13,668,212 | 14,378,259 | 15,109,606 |
| EV/EBIT: | 8.29 | 8.29 | 8.29 | 8.29 | 8.29 | 8.29 | 8.29 |
| EBITDA | 21,970,000 | 21,970,000 | 21,024,560 | 21,955,297 | 22,913,956 | 23,901,374 | 24,918,416 |
| EV/EBITDA: | 5.16 | 5.16 | 4.86 | 4.90 | 4.95 | 4.99 | 5.03 |

| | | | | | | |
|------------------------------|--------------------|-----------------------------|--------------------|-----------|----------------|--|
| LBO Price | 3.47 | Equity Partners: | 114,592,000 | Weighting | 100.00% | Annualized Return for Equity Partners: -1.94% |
| Shares Outstanding | 21,600,000 | Debt Partners: | 0 | | 0.00% | |
| Market Capitalization | 74,952,000 | Total Funds for LBO: | 114,592,000 | | 100.00% | |
| Debt | 39,640,000 | | | | | |
| Cash | 1,210,000 | | | | | |
| Enterprise Value | 113,382,000 | | | | | |
| Capital Investment | 114,592,000 | | | | | |

| | | | | | | | |
|--------------------------|---------------|----------------------------|---------------|--------------------------|--------------|---------------------------|---------------|
| Book Value | | Enterprise Value | | Stock Valuation | | Debt Reduction | |
| Beginning Book Value | 20.23 | Beginning Enterprise Value | 113.37 | Current Market Price | \$3.47 | Starting Debt | 38.08 |
| Year 5 Book Value | 56.76 | Year 5 Enterprise Value | 75.33 | Year 5 Market Price | \$4.81 | Debt Repayment | 1.20 |
| Annualized Return | 22.91% | Annualized Return | -7.85% | Annualized Return | 6.74% | Year 5 Ending Debt | 13.44 |
| | | | | | | % of Starting Debt | 35.29% |

SN VALUATION

LBO Pro Forma Income Statement

Name:

Multiband Corp

Ticker:

MBND

| | 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 | 15.09 | 42.99 | 268.99 | 265.59 | 278.87 | 287.24 | 295.85 | 304.73 | 313.87 |
| COGS | 8.34 | 28.43 | 207.53 | 186.29 | 195.21 | 201.06 | 207.10 | 213.31 | 219.71 |
| Gross margin | 6.75 | 14.56 | 61.46 | 83.66 | 86.17 | 86.17 | 88.76 | 91.42 | 94.16 |
| SG&A | 8.89 | 10.50 | 57.78 | 57.17 | 61.35 | 63.19 | 65.09 | 67.04 | 69.05 |
| R&D | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Unusual expense | 0.00 | 0.13 | 0.00 | 0.16 | 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 | 3.63 | 3.03 | 10.90 | 8.30 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Operating Income (EBITA) | -5.77 | 0.90 | -7.22 | 13.67 | 12.31 | 12.98 | 13.67 | 14.38 | 15.11 |
| Interest income/(expense) | -0.47 | -0.59 | -4.09 | -4.19 | -2.66 | -2.26 | -1.86 | -1.46 | -1.06 |
| 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 | 0.15 | 2.42 | 0.34 | 0.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Income before tax | -6.09 | 2.73 | -10.97 | 9.58 | 9.65 | 10.72 | 11.81 | 12.92 | 14.05 |
| Tax | 0.00 | 1.13 | 0.41 | -5.11 | 3.28 | 3.64 | 4.01 | 4.39 | 4.78 |
| Income after tax | -6.09 | 1.60 | -11.38 | 14.69 | 6.37 | 7.07 | 7.79 | 8.52 | 9.27 |
| Minority Interest | 0.00 | -0.65 | 1.73 | 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 | -6.09 | 0.95 | -9.65 | 14.69 | 6.37 | 7.07 | 7.79 | 8.52 | 9.27 |
| *Figures are in millions (\$) | | | | | | | | | |
| EPS (based off today's share count) | -\$0.28 | \$0.04 | -\$0.45 | \$0.68 | \$0.29 | \$0.33 | \$0.36 | \$0.39 | \$0.43 |
| P/E (historical today's price; forecasted intrinsic price) | -12.31 | 78.90 | -7.77 | 5.10 | 12.63 | 12.19 | 11.87 | 11.64 | 11.47 |
| Revenue Growth | N/A | 184.89% | 525.70% | -1.26% | 5.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Tax Rate | 0.00% | 41.39% | -3.74% | -53.34% | 34.00% | 34.00% | 34.00% | 34.00% | 34.00% |
| Implied Debt Interest Rate | -19.03% | -21.53% | -9.79% | -10.57% | -6.99% | -6.77% | -6.55% | -6.24% | -5.77% |
| Margins | | | | | | | | | |
| COGS | 55.27% | 66.13% | 77.15% | 70.14% | 70.00% | 70.00% | 70.00% | 70.00% | 70.00% |
| Gross margin | 44.73% | 33.87% | 22.85% | 29.86% | 30.00% | 30.00% | 30.00% | 30.00% | 30.00% |
| SG&A | 58.91% | 24.42% | 21.48% | 21.53% | 22.00% | 22.00% | 22.00% | 22.00% | 22.00% |
| R&D | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Unusual expense | 0.00% | 0.30% | 0.00% | 0.06% | 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 | 24.06% | 7.05% | 4.05% | 3.13% | 3.59% | 3.48% | 3.38% | 3.28% | 3.19% |
| Operating Income (EBITA) | -38.24% | 2.09% | -2.68% | 5.15% | 4.41% | 4.52% | 4.62% | 4.72% | 4.81% |
| Interest income/(expense) | -3.11% | -1.37% | -1.52% | -1.58% | -0.95% | -0.79% | -0.63% | -0.48% | -0.34% |
| 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 | 0.99% | 5.63% | 0.13% | 0.04% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Income before tax | -40.36% | 6.35% | -4.08% | 3.61% | 3.46% | 3.73% | 3.99% | 4.24% | 4.48% |
| Tax | 0.00% | 2.63% | 0.15% | -1.92% | 1.18% | 1.27% | 1.36% | 1.44% | 1.52% |
| Income after tax | -40.36% | 3.72% | -4.23% | 5.53% | 2.28% | 2.54% | 2.79% | 3.06% | 3.32% |
| Minority Interest | 0.00% | -1.51% | 0.64% | 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 | -40.36% | 2.21% | -3.59% | 5.53% | 2.28% | 2.46% | 2.63% | 2.80% | 2.95% |

| | | | | | 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 | 0.94 | 4.34 | 2.24 | 1.21 | | | 1.21 | 6.63 | 14.24 | 22.84 | 32.46 | 43.10 |
| Short term investment | 0.00 | 0.05 | 0.01 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash and Short term | 0.94 | 4.39 | 2.25 | 1.21 | | | 1.21 | 6.63 | 14.24 | 22.84 | 32.46 | 43.10 |
| Accounts Receivable | 1.56 | 3.44 | 14.34 | 17.22 | | | 17.22 | 17.22 | 17.22 | 17.22 | 17.22 | 17.22 |
| Other receivables | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Receivables | 1.56 | 3.44 | 14.34 | 17.22 | | | 17.22 | 17.22 | 17.22 | 17.22 | 17.22 | 17.22 |
| Deferred Income Tax | -5.64 | 0.41 | 0.40 | 8.53 | | | 8.53 | 8.53 | 8.53 | 8.53 | 8.53 | 8.53 |
| Total Inventory | 0.13 | 1.90 | 8.56 | 11.07 | | | 11.07 | 11.07 | 11.07 | 11.07 | 11.07 | 11.07 |
| Prepaid Expenses | 0.00 | 1.27 | 0.55 | 1.94 | | | 1.94 | 1.94 | 1.94 | 1.94 | 1.94 | 1.94 |
| Other Current Assets | 0.14 | 0.00 | 0.00 | 5.60 | | | 5.60 | 5.60 | 5.60 | 5.60 | 5.60 | 5.60 |
| Current Assets | -2.87 | 11.41 | 26.10 | 45.57 | 0.00 | 0.00 | 45.57 | 50.99 | 58.60 | 67.20 | 76.82 | 87.46 |
| PP&E, Gross | 7.47 | 9.39 | 20.60 | 21.89 | | | 21.89 | 24.89 | 27.89 | 30.89 | 33.89 | 36.89 |
| Change in Depreciation | 3.64 | 3.02 | 10.91 | 8.30 | | | 8.30 | 8.98 | 9.98 | 9.25 | 9.52 | 9.81 |
| Accumulated Depreciation | 0.00 | 0.00 | 10.91 | 19.21 | | | 19.21 | 27.93 | 36.90 | 46.15 | 55.67 | 65.48 |
| PP&E, Net | 7.47 | 9.39 | 9.69 | 2.68 | | | 2.68 | -3.04 | -9.01 | -15.26 | -21.78 | -28.59 |
| Goodwill | 0.02 | 1.09 | 38.07 | 38.04 | 0.00 | | 38.04 | 38.04 | 38.04 | 38.04 | 38.04 | 38.04 |
| Intangibles | 4.07 | 3.67 | 22.68 | 17.43 | | | 17.43 | 17.39 | 17.33 | 17.27 | 17.19 | 17.13 |
| 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 | 0.20 | 0.48 | 2.99 | 7.95 | | | 7.95 | 7.95 | 7.95 | 7.95 | 7.95 | 7.95 |
| Long Term Assets | 11.76 | 14.63 | 73.43 | 66.10 | 0.00 | 0.00 | 66.10 | 60.34 | 54.31 | 48.00 | 41.40 | 34.53 |
| Total Assets | 8.89 | 26.04 | 99.53 | 111.67 | 0.00 | 0.00 | 111.67 | 111.34 | 112.91 | 115.20 | 118.22 | 122.00 |
| Accounts Payable | 2.95 | 8.27 | 28.01 | 27.00 | | | 27.00 | 27.00 | 27.00 | 27.00 | 27.00 | 27.00 |
| Accrued Expense | 2.53 | 4.43 | 22.03 | 22.97 | | | 22.97 | 22.97 | 22.97 | 22.97 | 22.97 | 22.97 |
| Other current Liabilities | 0.27 | 1.49 | 2.60 | 1.82 | | | 1.82 | 1.82 | 1.82 | 1.82 | 1.82 | 1.82 |
| Total Current Liabilities | 5.75 | 14.19 | 52.64 | 51.79 | 0.00 | 0.00 | 51.79 | 51.79 | 51.79 | 51.79 | 51.79 | 51.79 |
| Notes Payables/Short Term Debt | 0.22 | 0.25 | 1.46 | 0.76 | | | 0.76 | 0.76 | 0.76 | 0.76 | 0.76 | 0.76 |
| Current port. Of LT Debt/Capital Leases | 1.88 | 1.83 | 0.72 | 0.44 | | | 0.44 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Long term Debt | 0.12 | 0.34 | 39.12 | 38.08 | 0.00 | 0.00 | 38.08 | 33.44 | 28.44 | 23.44 | 18.44 | 13.44 |
| Capital Lease Obligations | 0.25 | 0.32 | 0.49 | 0.36 | | | 0.36 | 0.36 | 0.36 | 0.36 | 0.36 | 0.36 |
| Total Interest Earning Debt | 2.47 | 2.74 | 41.79 | 39.64 | 0.00 | 0.00 | 39.64 | 34.56 | 29.56 | 24.56 | 19.56 | 14.56 |
| 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 | 3.47 | 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 | 8.22 | 20.40 | 94.43 | 91.43 | 0.00 | 0.00 | 91.43 | 86.35 | 81.35 | 76.35 | 71.35 | 66.35 |
| 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 | 3.57 | 3.27 | 15.44 | 15.16 | | | 15.16 | 15.16 | 15.16 | 15.16 | 15.16 | 15.16 |
| Common Stock | 29.57 | 37.69 | 38.05 | 39.31 | | 0.00 | 39.31 | 39.31 | 39.31 | 39.31 | 39.31 | 39.31 |
| Additional Paid-in capital | 45.70 | 45.95 | 46.55 | 47.50 | 0.00 | 0.00 | 47.50 | 47.50 | 47.50 | 47.50 | 47.50 | 47.50 |
| Dividends Paid | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | -0.50 | -1.00 | -1.50 | -2.00 | -2.50 |
| Retained Earnings | -78.17 | -81.31 | -94.94 | -81.74 | | 0.00 | -81.74 | -75.37 | -68.30 | -60.51 | -51.99 | -42.71 |
| Treasury Stock | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Equity | 0.00 | 0.05 | 0.01 | 0.00 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Equity | 0.67 | 5.65 | 5.11 | 20.23 | 0.00 | 0.00 | 20.23 | 26.10 | 32.67 | 39.96 | 47.98 | 56.76 |
| Liability + Equity | 8.89 | 26.05 | 99.54 | 111.66 | 0.00 | 0.00 | 111.66 | 112.45 | 114.02 | 116.31 | 119.33 | 123.11 |
| Variance | 0.00 | -0.01 | -0.01 | 0.01 | | | 0.01 | -1.11 | -1.11 | -1.11 | -1.11 | -1.11 |
| Debt/Equity | 3.69 | 0.48 | 8.18 | 1.96 | | | 1.96 | 1.32 | 0.90 | 0.61 | 0.41 | 0.26 |
| Inventory Turnover | 116.08 | 22.63 | 31.42 | 23.99 | | | 23.99 | 25.19 | 25.95 | 26.73 | 27.53 | 28.35 |
| Inventory Turnover Days | 3.14 | 16.13 | 11.62 | 15.21 | | | 15.21 | 14.49 | 14.07 | 13.66 | 13.26 | 12.87 |
| Days Inventory Outstanding | 5.89 | 24.39 | 15.06 | 21.69 | | | 21.69 | 20.70 | 20.10 | 19.51 | 18.94 | 18.39 |
| Accounts Receivable Turnover | 9.67 | 12.50 | 18.76 | 15.42 | | | 15.42 | 16.19 | 16.68 | 17.18 | 17.70 | 18.23 |
| Accounts Receivable Turnover Days | 37.73 | 29.21 | 19.46 | 23.67 | | | 23.67 | 22.54 | 21.88 | 21.24 | 20.63 | 20.03 |
| Days Payable Outstanding | 129.11 | 106.17 | 49.26 | 52.90 | | | 52.90 | 50.48 | 49.01 | 47.59 | 46.20 | 44.85 |
| Days Sales Outstanding | 37.73 | 29.21 | 19.46 | 23.67 | | | 23.67 | 23.67 | 22.54 | 21.88 | 21.24 | 20.63 |
| Cash Conversion Cycle | -85.68 | -52.57 | -14.75 | -7.55 | | | -7.55 | -6.12 | -6.38 | -6.19 | -6.01 | -5.84 |

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 | -6.09 | 1.60 | -11.38 | 14.69 | 6.37 | 7.07 | 7.79 | 8.52 | 9.27 |
| Depreciation | 3.64 | 3.02 | 10.91 | 8.30 | 8.72 | 8.98 | 9.25 | 9.52 | 9.81 |
| Net Income + Depreciation | -2.45 | 4.62 | -0.47 | 22.99 | 15.08 | 16.05 | 17.04 | 18.05 | 19.08 |
| Amortization | 0.00 | 0.00 | 0.06 | 0.10 | 0.04 | 0.05 | 0.07 | 0.07 | 0.06 |
| Deferred Taxes | 0.00 | 0.00 | 0.00 | -7.50 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Non Cash Items | 0.81 | -1.24 | 1.13 | 0.42 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Change in Working capital | 0.24 | -0.08 | -4.64 | -4.27 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Accounts Receivable | 0.00 | -1.88 | -10.90 | -2.88 | 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 | -1.77 | -6.66 | -2.51 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Prepaid Expenses | 0.00 | -1.27 | 0.72 | -1.39 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Accounts Payable | 0.00 | 5.32 | 19.74 | -1.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash from Operating Activities | -1.40 | 3.30 | -3.92 | 11.74 | 15.12 | 16.10 | 17.11 | 18.12 | 19.14 |
| Capital Expenditures | -0.38 | -0.17 | -3.13 | -1.34 | -3.00 | -3.00 | -3.00 | -3.00 | -3.00 |
| Long term investment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Intangibles | 2.66 | 0.96 | -0.32 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash from Investing Activities | 2.28 | 0.79 | -3.45 | -1.34 | -3.00 | -3.00 | -3.00 | -3.00 | -3.00 |
| Financing Cash flow items | -0.02 | -0.03 | -0.14 | -0.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Cash Dividends Paid | -0.05 | -0.16 | -0.10 | -0.42 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Issuance (Retirement) of Stock | -0.15 | -0.25 | 0.47 | -0.27 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Issuance (Retirement) of Current Portion Debt | - | - | - | - | -1.20 | 0.00 | 0.00 | 0.00 | 0.00 |
| Issuance (Retirement) of Long Term Debt | -0.73 | -0.26 | 5.05 | -10.73 | -5.00 | -5.00 | -5.00 | -5.00 | -5.00 |
| Cash from Financing Activities | -0.95 | -0.70 | 5.28 | -11.43 | -6.70 | -5.50 | -5.50 | -5.50 | -5.50 |
| Foreign Exchange effect | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Beginning Cash Balance | 1.02 | 0.94 | 4.35 | 2.24 | 1.21 | 6.63 | 14.24 | 22.84 | 32.46 |
| Net Change in Cash | -0.08 | 3.40 | -2.11 | -1.04 | 5.42 | 7.60 | 8.61 | 9.62 | 10.64 |
| Ending Cash Balance | 0.94 | 4.35 | 2.24 | 1.20 | 6.63 | 14.24 | 22.84 | 32.46 | 43.10 |
| Depreciation to Sales | 24.12% | 7.02% | 4.06% | 3.13% | 3.13% | 3.13% | 3.13% | 3.13% | 3.13% |
| Amortization to Sales | 0.00% | 0.00% | 0.02% | 0.04% | 0.01% | 0.02% | 0.02% | 0.02% | 0.02% |
| A/R to Sales | 10.34% | 8.00% | 5.33% | 6.48% | 6.17% | 6.00% | 5.82% | 5.65% | 5.49% |
| Distributable FCF Yield | 0.78% | 3.61% | -6.50% | 9.17% | 10.69% | 11.56% | 12.44% | 13.34% | 14.24% |
| Dividend Yield | -0.07% | -0.21% | -0.13% | -0.56% | 0.67% | 0.67% | 0.67% | 0.67% | 0.67% |

SN VALUATION

LBO Debt Schedule

| | Proforma | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|-----------------|--------------|--------------|--------------|--------------|--------------|
| Net Change in Cash | -1.04 | 5.42 | 7.60 | 8.61 | 9.62 | 10.64 |
| Current Portion Debt Repayment | | 1.20 | | | | |
| Long Term Debt Repayment | | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Outstanding Debt | 39.64 | 33.44 | 28.44 | 23.44 | 18.44 | 13.44 |
| Current Portion Debt Balance | 1.20 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Long Term Debt Balance | 38.44 | 33.44 | 28.44 | 23.44 | 18.44 | 13.44 |
| 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 | | 2.68 | 2.28 | 1.88 | 1.48 | 1.08 |
| Cash Balance | | 1.21 | | | | |
| Interest @ 1.0% | | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 |
| Net Interest Expense/(Income) | | 2.66 | 2.26 | 1.86 | 1.46 | 1.06 |
| Net Interest Rate | | 6.99% | 6.77% | 6.55% | 6.24% | 5.77% |
| EBITDA | | 12.31 | 12.98 | 13.67 | 14.38 | 15.11 |
| EBITDA/Interest Expense Coverage | | 4.60 | 5.70 | 7.29 | 9.75 | 14.05 |

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran