

National American University (NAUH)

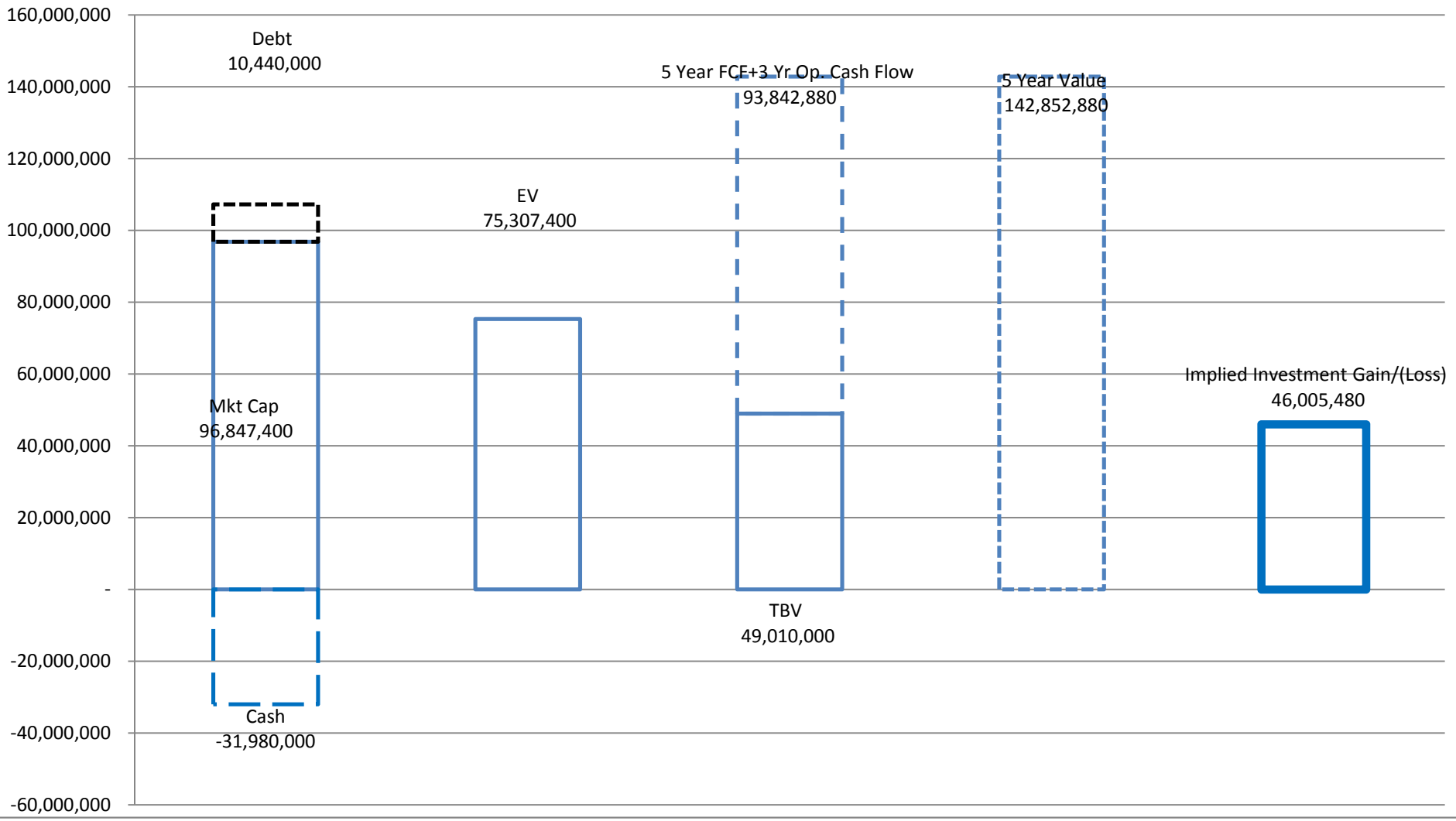
Price:	\$3.86	Net Tang. Bk Value Incl. Cash, Excl.	\$49,010,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$79,411,800.00
Market Cap:	\$96,847,400	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$11,730,360.00
Cash:	\$31,980,000	NTBVIC/Market Downside Recovery:	50.61%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$10,440,000	Op. Cash Flow:	\$11,730,360	Year 5 Disposition Price:	\$114,602,880.00
Net Cash:	\$21,540,000	Implied Years to Fill Gap:	4.08		
Enterprise Value:	\$75,307,400	Today's Equity if 5x Op. CF:	\$84,201,080		
		Net Tang. Book+ Gain Disposition:			\$114,602,880.00
Shares Outstanding:	25,090,000	IRR:			3.42%
				Price:	\$4.57
				Target Market Cap:	\$114,602,880
				Target Enterprise Value:	\$93,062,880

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

I personally don't like the for-profit education space, with the likes of Corinthian College, and other internet based education businesses because there are too many unknowns related to legislation that can have a material impact on these businesses. One thing is for certain - these businesses are selling at a discount relative to historical figures. Investors are apprehensive about investing their money when a lot of items are up in the air. However, from a purely value basis, these companies are definitely cheap. NAUH is no exception.

The market is valuing the equity at \$96MM, but the book value support is \$52MM and the Co. generates \$11MM in operating cash flow annually, and reinvests about \$8MM back into capex, with the remaining \$3MM being paid out as dividend, yielding 4.69%, which isn't shabby. However, even with the generous dividend, the risk of principal loss on investment is too high to be fully compensated with the 4% dividend.

Revenue has been growing over the past 4 years in the high single digits, and it's still a fraction of the industry total sales, which reveals room for growth. We are hesitant investing in an ideal situation and the price is attractive at the moment. However, the shares trade with large swings, and we would be buying at an annual high.



National American University Holdings, Inc., formerly known as Camden Learning Corporation, was organized under the laws of the State of Delaware on April 10, 2007. It is a provider of postsecondary education for the needs of working adults and other non-traditional students. Using both campus-based and online instruction, it provides associate, bachelor's and master's degree and diploma programs in technical and professional fields, such as accounting, management, business administration, information technology, nursing and healthcare management. It currently has 37 educational sites (two of which are pending regulatory approvals – Houston, Texas and the Rouche Graduate Center in Austin, Texas) in the states of Colorado, Indiana, Kansas, Minnesota, Missouri, Nebraska, New Mexico, Oklahoma, Oregon, South Dakota and Texas; distance learning service centers in Indiana and Texas; and distance learning operations and central administration offices in Rapid City, South Dakota. Several of its educational sites are hybrid learning centers, which utilize small physical facilities in strategic geographic areas, allowing its students to meet face-to-face with staff for assistance with their educational choices and related services while completing the majority of their coursework online. Working adults and other non-traditional students are attracted to the flexibility of its online programs and the convenience of its hybrid learning centers. It is subject to extensive regulation by state education agencies, accrediting commissions and the United States federal government through the U.S. Department of Education under the Higher Education Act of 1965, as amended.

Company Name:	National American University	Market Capitalization:	\$96,847,400.00	Revenue:	\$130,650,000.00	100.0%
Ticker Symbol:	NAUH	Total Debt:	\$10,440,000.00	Cost of Goods Sold:	\$37,630,000.00	28.8%
Last Price:	\$3.86	CH Total Cash:	\$31,980,000.00	Gross Profit:	\$93,020,000.00	71.2%
Net Cash/Share:	\$0.86	Net Cash/(Debt):	\$21,540,000.00	EBITDA:	\$15,450,000.00	11.8%
Net Cash to Last Price:	22.24%	Enterprise Value:	\$75,307,400.00	Net Income:	\$5,280,000.00	4.0%
Shares Outstanding:	25,090,000	Current EV/Share:	\$3.00			
Industry:	Education & Training Services	EBITDA:	\$15,660,000.00			
Sector:	Consumer Defensive	EV/EBITDA Multiple:	4.81	Balance Sheet		
Institutional Ownership:	25.58%	EV/EBITDA Multiple Average Year 1-5:	5.13	Cash:	\$8,750,000.00	
Mutual Fund Ownership:	11.62%	EV/FCF Multiple (excluding acquisition):	10.65	Short Term Investment:	\$23,230,000.00	
Insider Ownership:	2.10%	EV/FCF Multiple Average Year 1-5 (excluding acquisition):	20.19	A/R:	\$3,000,000.00	
Float:	35.00%			PP&E:	\$44,000,000.00	
				Assets:	\$85,250,000.00	
		Upper Range		A/P:	\$5,600,000.00	
		DCF: EV/EBITDA Terminal Value		Deferred Tax:	\$5,600,000.00	
				Other Liabilities:	\$14,690,000.00	
Technicals		Implied TV from 3 X EV/EBITDA Multiple	\$27,127,800.00	Short term Debt:	\$70,000.00	
52 week low:	\$3.00	Enterprise Value	\$27,127,800.00	Long Term Debt:	\$10,370,000.00	
Today from 52 week low:	28.67%	Cash at Year 5:	\$50,631,800.00	Liabilities:	\$36,330,000.00	
52 week high:	\$4.56	Debt at Year 5:	\$10,440,000.00	Retained Earnings:	\$11,000,000.00	
Today from 52 week high:	18.13%	Equity Value Year 5:	\$67,319,600.00	Paid-In Capital:	\$58,000,000.00	
Analyst/Consensus		Equity/Share at Year 5:	\$2.68	Treasury Stock:	-\$20,000,000.00	
Analyst Sales Growth FY1:	1.20%	Annualized Return:	-7.02%	Stockholder's Equity:	\$49,010,000.00	
Analyst Sales Growth FY2:	3.60%					
SN Valuation Estimate FY1:	0.00%	Lower Range		Cash Flow		
SN Valuation Estimate FY2:	0.00%	DCF: Net Tangible Asset excluding Cash/Debt Terminal Value		Net Income:	5,490,000.00	
Analyst Earnings Estimate FY1:	\$0.16	Year 5 Net Tangible Assets excluding cash and debt	-\$17,410,000.00	Depreciation/Amortization:	5,650,000.00	
Analyst Earnings Estimate FY2:	\$0.26	Enterprise Value	-\$17,410,000.00	Change in Working capital:	-1,450,000.00	
SN Valuation Earnings Est. FY1:	\$0.24	Cash at Year 5:	\$50,631,800.00	Cash from Operating Activities:	15,940,000.00	
SN Valuation Earnings Est. FY2:	\$0.24	Debt at Year 5:	\$10,440,000.00	Capital Expenditures:	-8,860,000.00	
		Equity Value Year 5:	\$22,781,800.00	Cash from Investing Activities:	-14,740,000.00	
Multiples		Equity/Share at Year 5:	\$0.91	Total Cash Dividends Paid:	-3,910,000.00	
Market Value to Book:	1.98	Annualized Return:	-25.13%	Issuance (Retirement) of Stock:	-1,770,000.00	
EV to Book:	1.54			Issuance (Retirement) of Debt:	-40,000.00	
Market Value to Tangible Net Assets:	-3.47	EVA		Cash from Financing Activities:	-5,720,000.00	
P/E Ratio:	18.34	EVA today:	\$48,850,932.94			
Trailing P/E Ratio:	18.46	EVA in 5 Years:	\$58,268,684.96	Profitability Margins		
Forward P/E Ratio:	14.77	EVA/Share:	\$2.32	Debt to Equity:	21.30%	
Beta:	1.22	Cash at Year 5:	\$50,631,800.00	Return on Assets:	6.39%	
Dividend:	0.18	Debt at Year 5:	\$10,440,000.00	Return on Capital:	9.17%	
Dividend Yield:	4.69%	Equity Value Year 5:	\$98,460,484.96	Return on Equity:	11.12%	
Dividend Date:	Jan 10, 2014	Equity/Share at Year 5:	\$3.92			
Ex-Dividend Date:	Dec 26, 2013	Annualized return:	3.59%			
Competitors						
Average EV to EBITDA:	N/A	Current Net Tangible Asset				
Company EV to EBITDA:	4.81	Net Tangible Asset/Share:	\$1.91			
Average EV to EBIT:	N/A	Net Tangible Asset/Share in Year 5:	\$3.12			
Company EV to EBITA:	7.52	Annualized return:	10.32%			
		Current Equity Price:	\$3.86			
		Selling at Discount?	Premium			
		Appreciation Potential:	-50.52%			

SN VALUATION

LBO Pro Forma Income Statement

Name:

National American University

Ticker:

NAUH

	Historical				Forecasted				
	12 months ending 2010-05-31	12 months ending 2011-05-31	12 months ending 2012-05-31	12 months ending 2013-05-31	2013	2014	2015	2016	2017
Revenue	89.80	106.81	118.89	129.18	129.18	129.18	129.18	129.18	129.18
COGS	23.26	25.84	32.58	36.16	36.17	36.17	36.17	36.17	36.17
Gross margin	66.54	80.97	86.31	93.02	93.01	93.01	93.01	93.01	93.01
SG&A	49.89	64.47	77.48	82.91	83.97	83.97	83.97	83.97	83.97
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.03	0.08	-0.32	0.10	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					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	16.62	16.42	9.15	10.01	9.04	9.04	9.04	9.04	9.04
Interest income/(expense)	-0.32	0.15	-0.46	-0.94	0.31	0.31	0.31	0.31	0.31
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	0.22	0.12	0.12	0.11	0.00	0.00	0.00	0.00	0.00
Income before tax	16.52	16.68	8.82	9.18	9.35	9.35	9.35	9.35	9.35
Tax	6.46	6.38	3.68	3.69	3.27	3.27	3.27	3.27	3.27
Income after tax	10.04	10.30	5.14	5.49	6.08	6.08	6.08	6.08	6.08
Minority Interest	0.00	-0.04	-0.09	-0.04	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	10.04	10.27	5.05	5.45	6.08	6.08	6.08	6.08	6.08
*Figures are in millions (\$)									
EPS (based off today's share count)	\$0.40	\$0.41	\$0.20	\$0.22	\$0.24	\$0.24	\$0.24	\$0.24	\$0.24
P/E (historical today's price; forecasted intrinsic price)	9.65	9.43	19.18	17.77	16.47	17.04	17.62	18.22	18.85
Revenue Growth	N/A	18.94%	11.31%	8.66%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	39.23%	38.25%	41.72%	40.20%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	0.00%	0.00%	-4.38%	-8.99%	NA	NA	NA	NA	NA
Margins									
COGS	25.90%	24.19%	27.40%	27.99%	28.00%	28.00%	28.00%	28.00%	28.00%
Gross margin	74.10%	75.81%	72.60%	72.01%	72.00%	72.00%	72.00%	72.00%	72.00%
SG&A	55.56%	60.36%	65.17%	64.18%	65.00%	65.00%	65.00%	65.00%	65.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.03%	0.07%	-0.27%	0.08%	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					0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	18.51%	15.37%	7.70%	7.75%	7.00%	7.00%	7.00%	7.00%	7.00%
Interest income/(expense)	-0.36%	0.14%	-0.39%	-0.73%	0.24%	0.24%	0.24%	0.24%	0.24%
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	0.24%	0.11%	0.10%	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	18.40%	15.62%	7.42%	7.11%	7.24%	7.24%	7.24%	7.24%	7.24%
Tax	7.22%	5.97%	3.10%	2.86%	2.53%	2.53%	2.53%	2.53%	2.53%
Income after tax	11.18%	9.64%	4.32%	4.25%	4.71%	4.71%	4.71%	4.71%	4.71%
Minority Interest	0.00%	-0.04%	-0.08%	-0.03%	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	11.18%	9.62%	4.25%	4.22%	4.71%	4.71%	4.71%	4.71%	4.71%

						Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	As of 2010-05-31	As of 2011-05-31	As of 2012-05-31	As of 2013-05-31	As of 2013-08-31	+	-						
Cash	8.69	25.71	15.65	11.13	8.75			8.75	12.48036	16.21	19.94	23.67	27.40
Short term investment	11.11	19.09	14.92	20.75	23.23			23.23	23.23	23.23	23.23	23.23	23.23
Cash and Short term	19.80	44.80	30.57	31.88	31.98			31.98	35.71	39.44	43.17	46.90	50.63
Accounts Receivable	1.82	2.01	2.80	3.63	3.00			3.00	3.00	3.00	3.00	3.00	3.00
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	1.82	2.01	2.80	3.63	3.00			3.00	3.00	3.00	3.00	3.00	3.00
Total Inventory	0.92	1.06	0.01	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	1.76	0.56	0.61	0.84	1.36			1.36	1.36	1.36	1.36	1.36	1.36
Other Current Assets	1.57	1.72	1.91	1.35	1.28			1.28	1.28	1.28	1.28	1.28	1.28
Current Assets	25.87	50.15	35.90	37.70	37.62	0.00	0.00	37.62	41.35036	45.08	48.81	52.54	56.27
PP&E, Gross	37.02	42.68	65.28	0.31	69.00			69.00	77.00	85.00	93.00	101.00	109.00
Change in Depreciation	2.32	2.86	4.24	5.65	5.65			5.65	5.65	5.65	5.65	5.65	5.65
Accumulated Depreciation	20.83	21.10	24.47	0.00	25.00			25.00	30.65	36.30	41.95	47.60	53.25
PP&E, Net	16.19	21.58	40.81	0.31	44.00			44.00	46.35	48.70	51.05	53.40	55.75
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	0.77	0.96	1.24	1.11	1.00			1.00	1.00	1.00	1.00	1.00	1.00
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	3.49	3.57	3.80	3.17	2.63			2.63	2.63	2.63	2.63	2.63	2.63
Long Term Assets	20.45	26.11	45.85	4.59	47.63			47.63	49.98	52.33	54.68	57.03	59.38
Total Assets	46.32	76.26	81.75	42.29	85.25	0.00	0.00	85.25	91.33	97.41	103.49	109.57	115.65
Accounts Payable	4.64	4.83	4.83	6.47	5.60			5.60	5.60	5.60	5.60	5.60	5.60
Accrued Expense	6.11	6.40	6.72	6.97	7.00			7.00	7.00	7.00	7.00	7.00	7.00
Other current Liabilities	11.65	1.12	1.08	1.20	1.35			1.35	1.35	1.35	1.35	1.35	1.35
Total Current Liabilities	22.40	12.35	12.63	14.64	13.95	0.00	0.00	13.95	13.95	13.95	13.95	13.95	13.95
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	0.04	0.07	0.07			0.07	0.07	0.07	0.07	0.07	0.07
Long term Debt	0.00	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	10.46	10.39	10.37			10.37	10.37	10.37	10.37	10.37	10.37
Total Interest Earning Debt	0.00	0.00	10.50	10.46	10.44	0.00	0.00	10.44	10.44	10.44	10.44	10.44	10.44
Deferred Income tax	1.15	2.83	5.10	5.72	5.60			5.60	5.60	5.60	5.60	5.60	5.60
Minority Interest	-0.29	-0.26	-0.17	-0.13	-0.17			-0.17	-0.17	-0.17	-0.17	-0.17	-0.17
Other liabilities	2.38	4.25	4.16	6.48	6.51			6.51	6.51	6.51	6.51	6.51	6.51
Total Liabilities	25.64	19.17	32.22	37.17	36.33	0.00	0.00	36.33	36.33	36.33	36.33	36.33	36.33
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	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Additional Paid-in capital	19.16	56.64	57.20	57.66	58.00	0.00	0.00	58.00	58.00	58.00	58.00	58.00	58.00
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	2.39	9.55	11.24	12.61	11.00			11.00	17.08	23.16	29.24	35.32	41.40
Treasury Stock	0.00	-7.50	-17.59	-19.36	-20.00		0.00	-20.00	-20.00	-20.00	-20.00	-20.00	-20.00
Other Equity	0.10	0.07	0.03	0.01	0.01		0.00	0.01	0.01	0.01	0.01	0.01	0.01
Total Equity	21.65	58.76	50.88	50.92	49.01	0.00	0.00	49.01	55.09	61.17	67.25	73.33	79.41
Liability + Equity	47.29	77.93	83.10	88.09	85.34	0.00	0.00	85.34	91.42	97.50	103.58	109.66	115.74
Variance	-0.97	-1.67	-1.35	-45.80	-0.09			-0.09	-0.09	-0.09	-0.09	-0.09	-0.09
Debt/Equity	0.00	0.00	0.21	0.21	0.21			0.21	0.19	0.17	0.16	0.14	0.13
Inventory Turnover	97.61	100.76	11,889.00	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Inventory Turnover Days	3.74	3.62	0.03	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Days Inventory Outstanding	14.44	14.97	0.11	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable Turnover	49.34	53.14	42.46	35.59	43.06			43.06	43.06	43.06	43.06	43.06	43.06
Accounts Receivable Turnover Days	7.40	6.87	8.60	10.26	8.48			8.48	8.48	8.48	8.48	8.48	8.48
Days Payable Outstanding	72.81	68.23	54.11	65.31	56.51			56.53	56.51	56.51	56.51	56.51	56.51
Days Sales Outstanding	7.40	6.87	8.60	10.26	8.48			10.26	8.48	8.48	8.48	8.48	8.48
Cash Conversion Cycle	-50.98	-46.38	-45.40	-55.05	-48.03			-46.27	-48.03	-48.03	-48.03	-48.03	-48.03
Net tangible assets/share	\$0.83	\$2.30	\$1.98	\$1.99	\$1.91				\$2.16	\$2.40	\$2.64	\$2.88	\$3.13

	12 months ending 2010-05-31	12 months ending 2011-05-31	12 months ending 2012-05-31	12 months ending 2013-05-31	2011	2012	2013	2014	2015
Net Income	10.04	10.30	5.14	5.49	6.08	6.08	6.08	6.08	6.08
Depreciation	2.32	2.86	4.24	5.65	5.65	5.65	5.65	5.65	5.65
Net Income + Depreciation	12.36	13.16	9.38	11.14	11.73	11.73	11.73	11.73	11.73
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	-0.45	1.54	2.11	1.19	0.00	0.00	0.00	0.00	0.00
Non Cash Items	3.77	4.54	4.44	5.05	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-2.60	-3.46	-3.07	-1.45	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-0.19	-0.79	-0.63	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	-0.14	1.05	0.01	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	1.20	-0.05	-0.23	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	0.19	0.00	1.64	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	13.08	15.78	12.86	15.93	11.73	11.73	11.73	11.73	11.73
Capital Expenditures Expenditures	-5.02	-7.11	-13.79	-8.86	-8.00	-8.00	-8.00	-8.00	-8.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-6.55	-8.06	4.41	-5.88	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-11.57	-15.17	-9.38	-14.74	-8.00	-8.00	-8.00	-8.00	-8.00
Financing Cash flow items	18.73	-0.64	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-3.78	-13.39	-3.35	-3.91	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.69	30.45	-10.08	-1.77	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	-11.96	0.00	-0.10	-0.04	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	3.68	16.42	-13.53	-5.72	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	3.51	8.70	25.72	15.66	8.75	12.48	16.21	19.94	23.67
Net Change in Cash	5.19	17.02	-10.06	-4.53	3.73	3.73	3.73	3.73	3.73
Ending Cash Balance	8.70	25.72	15.66	11.13	12.48	16.21	19.94	23.67	27.40
Capex to Revenue	5.59%	6.66%	11.60%	6.86%	6.19%	6.19%	6.19%	6.19%	6.19%
Depreciation to Sales	2.58%	2.68%	3.57%	4.37%	4.37%	4.37%	4.37%	4.37%	4.37%
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	2.03%	1.88%	2.36%	2.81%	2.81%	2.81%	2.81%	2.81%	2.81%
Distributable FCF/EV Yield	2.01%	0.81%	4.62%	1.58%	4.95%	4.95%	4.95%	4.95%	4.95%
Dividend Yield	-3.90%	-13.83%	-3.46%	-4.04%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	11.84	22.06	2.42	10.98	3.73	3.73	3.73	3.73	3.73

SN VALUATION

LBO Debt Schedule

Ticker:

NAUH

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	-4.53	3.73	3.73	3.73	3.73	3.73
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	0.07	0.07	0.07	0.07	0.07	0.07
Current Portion Debt Balance	0.07	0.07	0.07	0.07	0.07	0.07
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		0.01	0.01	0.01	0.01	0.01
Cash Balance		31.88				
Interest @ 1.0%		0.32	0.32	0.32	0.32	0.32
Net Interest Expense/(Income)		(0.31)	(0.31)	(0.31)	(0.31)	(0.31)
Net Interest Rate		N/A	N/A	N/A	N/A	N/A
EBITDA		9.04	9.04	9.04	9.04	9.04
EBITDA/Interest Expense Coverage		1291.80	1291.80	1291.80	1291.80	1291.80

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

National American University

Ticker:

NAUH

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	3.47	37.80	23.27	23.67	27.40	31.13	34.86	38.59	42.32
Total Assets	46.32	76.26	81.75	85.25	91.33	97.41	103.49	109.57	115.65
X1	0.07	0.50	0.28	0.28	0.30	0.32	0.34	0.35	0.37
Retained Earnings	2.39	9.55	11.24	11.00	17.08	23.16	29.24	35.32	41.40
Total Assets	46.32	76.26	81.75	85.25	91.33	97.41	103.49	109.57	115.65
X2	0.05	0.13	0.14	0.13	0.19	0.24	0.28	0.32	0.36
EBITDA	16.62	16.42	9.15	10.01	9.04	9.04	9.04	9.04	9.04
Total Assets	46.32	76.26	81.75	85.25	91.33	97.41	103.49	109.57	115.65
X3	0.36	0.22	0.11	0.12	0.10	0.09	0.09	0.08	0.08
Market Value of Equity	96.85	96.85	96.85	96.85	100.16	103.59	107.14	110.81	114.60
Total Liabilities	25.64	19.17	32.22	36.33	36.33	36.33	36.33	36.33	36.33
X4	3.78	5.05	3.01	2.67	2.76	2.85	2.95	3.05	3.15
Net Sales	89.80	106.81	118.89	129.18	129.18	129.18	129.18	129.18	129.18
Total Assets	46.32	76.26	81.75	85.25	91.33	97.41	103.49	109.57	115.65
X5	1.94	1.40	1.45	1.52	1.41	1.33	1.25	1.18	1.12
Altman Z Score	5.55	5.91	4.16	4.02	4.02	4.06	4.11	4.16	4.21

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

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	49.01	55.09	61.17	67.25	73.33	79.41				79.41
Annual Change		6.08	6.08	6.08	6.08	6.08				
Annual FCF	7.07	3.73	3.73	3.73	3.73	3.73	3.73	3.73	3.73	11.19
Annual Op. Cash Flow	15.93	11.73	11.73	11.73	11.73	11.73	11.73	11.73	11.73	
Annual PP&E Investment	(8.86)	(8.00)	(8.00)	(8.00)	(8.00)	(8.00)	(8.00)	(8.00)	(8.00)	
Today's Tangible Book Value	49.01	53.98	59.45	65.47	72.10	79.41				90.60
Intrinsic Value IRR	10.13%									
Market Price	96.85	95.56	94.30	93.05	91.82	90.60				90.60
Market Price IRR	-1.32%									

Debt	50.00%	48.42
Equity	50.00%	48.42
Total	100.00%	96.85

	Present Value	Holding Period					Terminal Value			Sale Price
	Historic	ProForma	1	2	3	4	5			
Book Equity	49.01	48.42	51.15	53.88	56.61	59.34	62.07			
Goodwill	0	47.84	47.84	47.84	47.84	47.84	47.84			
Debt	0	48.42	48.42	48.42	48.42	48.42	48.42			
Debt Interest Rate		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%			
Additional Interest Expense		5.15	5.15	5.15	5.15	5.15				
Tangible Book Value	49.01	0.59	3.32	6.05	8.78	11.51	14.24			14.24
Annual Change			2.73	2.73	2.73	2.73	2.73			
Annual FCF	7.07	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38	1.14
Annual Net Income	5.45		2.73	2.73	2.73	2.73	2.73	2.73	2.73	
Annual Op. Cash Flow	15.93	8.38	8.38	8.38	8.38	8.38	8.38	8.38	8.38	
Dividend Payments										
Annual PP&E Investment	(8.86)		(8.00)	(8.00)	(8.00)	(8.00)	(8.00)	(8.00)	(8.00)	
Debt Paydown	0.00							0.00	0.00	0.00
Sale Price in Year 5										15.38
Capital Left for Equity Investor										15.38
Dividend Payments										0.00
Total Cash In Flow										15.38
Invested Equity	48.42	38.50	30.60	24.33	19.34	15.38				
IRR	-20.50%									

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)	13.65
Cash Flow (Year 6-8)	1.14
	14.79

<u>Value Dilution</u>	
Debt	48.42
Goodwill	47.84
Additional Interest	25.77
	122.03